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AN
ESSAY
UPON
MONEY and COINS.

PART I.

The Theories of COMMERCE,
MONEY, and EXCHANGES.

By Joseph Harris, Assay master at the Mint.



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To the Honourable

RICHARD ARUNDELL, *Esq;*

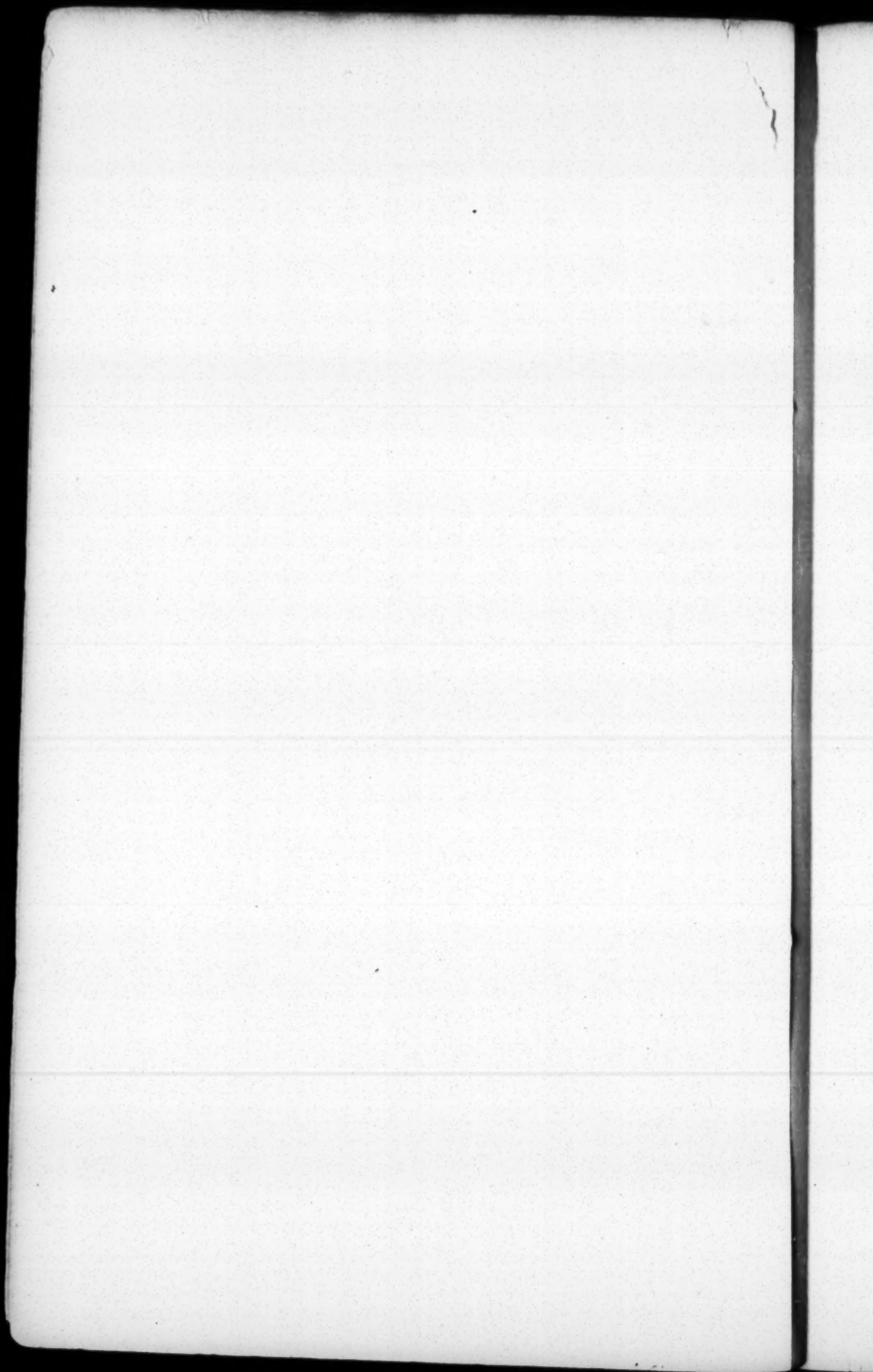
As a testimony of Esteem for his great
Worth and Abilities, and as a grateful
acknowledgement for many Marks of his
Favour and Regard, during a long course
of years; this Tract

Is humbly Inscribed and Dedicated, by

His most faithful

and obedient Servant,

THE AUTHOR.



P R E F A C E.

THE main part of the following essay, was drawn up many years since for a truly great and good man; one who, if it had pleased God to have continued his life but a little longer, intended, amidst his other great designs for the good of this country, to have made such regulations in regard to our coins, as probably would have obviated all complaints about them for the future. The chief design of this first part, is to unfold the true nature and theory of money: A subject wherein every one is interested, and that in some measure in proportion to his property; and yet, a subject it seems, that very few understand; and concerning which, many, and those too of some note, are under gross mistakes.

In order to clear the way, and for the better settling of things upon their first and true principles, it hath been thought necessary to take a general view of wealth and commerce, which is the subject of the first chapter; and the third, concerning exchanges, is not quite foreign to the main design.

Some of the points here touched upon, deserved to have been discussed more at large, if the designed brevity of the whole would have permitted. The author is clear as to the goodness of his intention, and hopes that his ill state of health, while these sheets were printing, will be admitted as an apology for such faults as may have happened in the execution.

THE

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P A R T I.

The Theories of COMMERCE,
MONEY, *and* EXCHANGES.

C H A P T E R I.

*Of the nature and origin of wealth
and commerce.*I. *Of wealth, what, and wherein it consists.*

I. **T**HE earth abounds with an infinite variety of materials, for the comfortable subsistence of human life: Besides the great diversity of food, vegetable and animal, more than sufficient to satiate the most gluttonous appetite; how admirably are wood, stones, metals, &c. adapted to their various uses! What is there left unprovided, and of what kind is that other material that could have added to human conveniency? But amidst this vast profusion of things, the earth spontaneously produces but few that are ready fitted for our use: Some pains and industry are required on our part, without which,

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*Land and
labour, the
sources of
all wealth.*

our condition upon this globe would, perhaps, be the most forlorn and uncomfortable of any of its inhabitants. But of this we have no cause to complain: Labour or bodily exercise, in a certain degree, is not only easy but pleasant to us, conducive to our health, and every way suited to our nature; and we are endued with ample powers for adopting and fitting the materials about us, according to our various exigencies and occasions. Land and labour together are the sources of all wealth; without a competency of land, there would be no subsistence; and but a very poor and uncomfortable one, without labour. So that *wealth* or *riches* consist either in a propriety in land, or in the products of land and labour.

In wealthy countries, the value of the labour is much greater than that of the land.

2. The proportional values of land and product, differ very much in different countries; as the soils are respectively more or less fertile, and the inhabitants more or less industrious, and skilful. Without some kind of tillage, much land will be requisite to maintain a few inhabitants; and a small field of wheat will afford nourishment to more people, than a large forest yielding nothing but
acorns

acorns and wild fruits. The annual produce of labour in *England*, I imagine, is of much greater value than the rent of the land; but their exact proportion to each other, cannot be easily assigned. It is commonly supposed that a farmer, to be enabled to live comfortably, must make three rents of his land; and when we consider the coarseness of those commodities, that are commonly expended in a farmer's house, in comparison of many others consumed by those of more affluent fortunes; the value of labour to that of land, must be with us greater than that of 2 to 1. Wool wrought into cloth is much advanced in its value; thread may be of above 100 times the value of the flax whereof it was made. The value of the materials in * watches, and innumerable other things made of metals, is but small in comparison of the value of the workmanship. But we must not pursue this notion too far: The numbers employed about these costly things, may not bear a large proportion to those who are either idle, or occupied about tillage, buildings, or other manufacturies; where the raw materials are worth near as much, or sometimes more, than the labour bestowed upon

B 2

them.

* The balance spring in a good watch is worth above a million of times the value of the steel.

them. The *British merchant* computes the value of labour to that of land in *England* to be as 7 to 2 *. He supposes the people of *England* to be 7 millions, and each man at a medium to expend 7 pounds each, which makes the whole annual consumption of *England* 49 millions; 45 millions of which he supposes to be our own product, 4 millions

* This shews the great value of arts and industry. But their usefulness doth not terminate in the mere value of their productions; their benign influence extends much farther. By furnishing employment, at the same time, both to the mind and body; they tend to improve the understanding, to humanise mankind, and to preserve them from that brutal barbarism, which is ever the attendant of stupid indolence and inactivity. Each individual, by a laudable industry, striving to benefit himself; the whole community share the fruits, and peace and good order is every where maintained.

But here occurs a difficult question; how to employ usefully all that are fit and able to work, and to maintain comfortably such as cannot help themselves? Our indulgent parent hath so ordered things, that it should not be necessary for all to work: Some compute, that the labour of one-fourth of the people is sufficient to maintain the other three-fourths; that one-fourth, as infants, old people, &c. are quite helpless; that one-fourth live upon their lands; whence one-fourth are left for the learned professions, state offices, and for being merchants, shopkeepers, soldiers, &c. Here then are three parts that are mere consumers; and as a country grows in wealth, the candidates for genteel employments may become more numerous in proportion to the rest, perhaps too much so for the land and labour to maintain: And thus, too many expecting a livelihood without labour; murmurs, complaints of the decay of trade, want of money, &c. will be loud. Amongst the lower class, some professions at times will be naturally overstocked: But if there be want of employments upon the whole, there must be some defect in our police; as the produce of *England* is undoubtedly sufficient, to employ and maintain comfortably, a much greater number of inhabitants.

I. Ch. I. *and* COINS. 5

lions foreign commodities; and the rents of the lands he makes 14 millions.

II. *Values of things, how estimated.*

3. Things in general are valued, not according to their real uses in supplying the necessities of men; but rather in proportion to the land, labour and skill that are requisite to produce them: It is according to this proportion nearly, that things or commodities are exchanged one for another; and it is by the said scale, that the intrinsic values of most things are chiefly estimated. Water is of great use, and yet ordinarily of little or no value; because in most places, water flows spontaneously in such great plenty, as not to be withheld within the limits of private property; but all may have enough, without other expence than that of bringing or conducting it, when the case so requires. On the other hand, diamonds, being very scarce, have upon that account a great value, though they are but of little use. A quicker or slower demand for a particular commodity, will frequently raise or lower its price, though no alteration hath happened in its intrinsic value or prime cost; men being always ready to take the advantage of

6 *Of MONEY,* Part I.

one another's fancies, whims or necessities; and the proportion of buyers to sellers, or the demand for any particular commodity in respect to its quantity, will always have an influence on the market. The intrinsic value of a particular commodity may be also enhanced, though its quality is debased; as a bushel of musty grain at one season, may be worth much more, than the like quantity of good grain at another.

Cheapness, how estimated.

4. Commodities are called bulky or said to be * cheap, which bear but a small proportion of value to others of equal bulk; and these are natural products, either growing spontaneously, or requiring no great art and labour in their cultivation; as grain of all sorts, cattle for food or labour, timber and stone for building, fuel, &c. The goodness of Providence having so ordered things, that those main supports of life should abound every where, according to the exigencies of different climates. And of metals, that most useful one, iron, is in our happy clime the cheapest.

Natural

* Things are also said to be cheap or dear, in respect to the prices they bore at some former market.

Natural products, &c. subject to a greater variation in their value, than artificial.

5. The quantity of corn, &c. produced from the same number of acres, and from the same quantity of labour, being sometimes very different, according to the difference of seasons; grain of all sorts, as also cattle from mortality amongst them, or other casualties, are subject to much greater variations in their values, than artificial products; and a bushel of corn may be worth twice or thrice as much cloth, at one time as at another. Corn must be had; and the farmers will endeavour to make as much of their small stock, as when they had a greater plenty; on the other hand, when the market is full, they must lower their price; till, after reckoning the value of the land, the labour bestowed in raising a bushel of corn, and in fabricating the thing for which it is exchanged, are on both sides nearly equal. Things of a more limited vent, are subject to vary yet more from their usual price, than corn; as apples, hops, &c.

Things are the more valued, the farther they are from the place where they were first produced.

6. Things near the place where they are produced, whether by nature or art, have naturally a less value in proportion to other things, than they have in places more remote ; and this in proportion to the risques of all sorts, and expences of carriage. Silver is naturally cheaper in *Mexico* than in *Spain*, and in *Spain* than in the rest of *Europe*. Things that are rare, or for which there is no great demand, are generally dearer than in the above proportion : For, when there are but few dealers in any commodity, they seldom fail to enhance its price, and that sometimes very exorbitantly. One great mystery of trade, is to keep off new adventurers, by concealing its profits ; and whilst that may be done, the gains will be large,

III. *The price of labour, the chief standard that regulates the values of all things.*

7. The values of land and labour do, as it were of themselves, mutually settle or adjust one another ; and as all things or commodities, are the products of those two ; so
their

their several values are naturally adjusted by them. But as in most productions, *labour* hath the greatest share; the value of labour is to be reckoned the chief standard that regulates the values of all commodities; and more especially as the value of land is, as it were, already allowed for in the value of labour itself.

Men's various necessities and appetites, oblige them to part with their own commodities, at a rate proportionable to the labour and skill that had been bestowed upon those things, which they want in exchange: If they will not comply with the market, their goods will remain on their hands; and if at first, one trade be more profitable than another, skill as well as labour and risques of all sorts, being taken into the account; more men will enter into that business, and in their outvying will undersell one another, till at length the great profit of it is brought down to a *par* with the rest.

Some estimate of the value of labour.

8. It may be reasonably allowed, that a labouring man ought to earn at least, twice as much as will maintain himself in ordinary food and cloathing; that he may be enabled

enabled to breed up children, pay rent for a small dwelling, find himself in necessary utensils, &c. So much at least the labourer must be allowed, that the community may be perpetuated: And as the world goes, there is no likelihood that the lowest kind of labourers will be allowed more than a bare subsistence; if they will not be content with that, there will be others ready to step into their places; and less, as above observed, cannot be given them. And hence the quantity of * land that goes to maintain a labourer, becomes his hire; and this hire again becomes the value of the land; the expences of manuring and tilling it, being also included. There is a difference in the proportion of the value of an acre of land to a given quantity of labour, all over the world; and this ariseth, not only from the different goodness of the land, but also from the different ways of living of the peasants in different places. For, where labour is very cheap, that is, where the labourers live very poorly, land will be also cheap; as the poor, from their numbers, are the principal consumers of the grosser products of the earth.

* Lands yielding uncommon products, as mines, &c. are not here considered; the uncommonness of them gives an opportunity to the owners of making more than ordinary profit by such products.

earth. So that every where, I think, the price of land is influenced by the price of labour; that is, by the quality of food and raiment consumed by the labourers; for of some sort, they must have a sufficient quantity: It seems then to be no good policy in the rich to deal too hardly with the poor; besides, that such treatment must needs greatly check arts and industry, discourage matrimony amongst the lower class, and inspire them with thoughts of quitting their homes, in hopes of bettering their state elsewhere. But the benevolence here hinted at, is to be tempered with discretion: The children of the poor should be brought up and inured, as early as may be, to some useful labour; and be taught with due care, the great principles of religion and morality. But all are not agreed that reading and writing, are qualifications necessary for the obtaining of those ends; some think, that these accomplishments are useful only in higher stations; and that to instruct at a public expence the youth of the lower class in reading, writing, &c. is a kind of intrusion upon the class next above them; that these qualifications, instead of being advantageous to the poor who possess them, serve only to render their state more irksome, and to inspire them

with notions subversive of society. There must be labourers ; and that most useful class of men should be duly cherished and taken care of : But books and pens will not alleviate the weight of the spade, or at all contribute to dry the sweat off the labourer's brow.

Charitable contributions necessary.

9. The price of labour being fixed, so that one labourer can earn about twice as much, or something more, than what will maintain himself ; if he has several young children, a sickly wife, an aged and helpless parent, or is himself disabled ; he will want, and will have a right to ask, the charitable aid of some of his opulent neighbours : It is therefore almost unavoidable, but that some of the lowest class will be destitute of subsistence, who must or ought to be maintained and taken due care of, by public contributions or establishments *. If a man be single, he will earn as much as the married man ; for no regard to a man's circumstances will be had in the price of his labour ; and so the single man may feed and clothe himself better than the other ; and
if

* Great care should be taken that all charitable contributions are duly applied to their proper objects, and are not embezzled or wantonly squandered.

if he is frugal, he will save somewhat against he is married, which little savings may enable him to live more comfortably all the rest of his life.

Mechanics earn more than labourers, &c.

10. To bring up a child to a trade, there is not only an expence in fitting him out, and during his apprenticeship, but also a risque of his dying before he is out of his time; from which considerations a mechanic is entitled to better wages than a common labourer: And as any given trade is attended with greater risques of any sort, requires more skill, more trust, more expence in setting up, &c. the artificer will be entitled to still better wages. In like manner, those professions that require genius, great confidence, a liberal education, &c. have a right to be rewarded proportionably. And thus, the prices of labour and services of different sorts, have a considerable difference founded in the nature of them: But the wages of the lower class, wherein is to be included, as well the common artificers as the husbandmen, seems to be the main and ultimate standard that regulates the values of all commodities; and if those wages be regulated by and paid in bullion,

that

that specific bullion will be the true and real money of the country where it is so applied, notwithstanding what else may pass in greater transactions.

IV. *Of trade or commerce.*

II. By the wise appointment of divine Providence, a mutual intercourse and commerce amongst men, is both conducive and necessary to their well being. Every man stands in need of the aid of others; and every country may reap advantages, by exchanging some of its superfluous products, natural or artificial, for those which it wants of foreign growth.

The first employments that a colony of people, newly settled in an uncultivated country, would naturally fall upon, would be to clear, till and sow, or plant the ground with seeds and roots proper for their nourishment; and to provide themselves with some kind of dwellings and garments, to shelter and protect them from the inclemencies of the weather: In order to obtain which, they would soon find themselves under the necessity, and feel the comforts, of associating together, and of establishing a certain mode or form of government. For, all the labour and skill of any one man, or
of

of any one family unconnected with others, would scarce be able to procure them the common necessaries of food and cloathing; and much less would they be ever able to furnish themselves with those various conveniencies, which we now so plentifully enjoy.

Men are endued with various talents and propensities, which naturally dispose and fit them for different occupations; and are, as above observed, under a necessity of betaking themselves to particular arts and employments, from their inability of otherwise acquiring all the necessaries they want, with ease and comfort*: This creates a dependence of one man upon another, and naturally unites men into societies. In like manner, as all countries differ more or less, either in the kinds or goodness of their products, natural or artificial; particular men find their advantages, which extend to communities in general, by trading with the remotest nations.

It was the necessities of men that gave birth to the arts, and long experience hath brought many of them to a surprizing degree

* The mutual conveniencies accruing to individuals, from their betaking themselves to particular occupations, is perhaps the chief cement that connects them together; the main source of commerce, and of large political communities.

gree of perfection. The most curious arts now subsisting are the growth of *Europe*, and chiefly of the last and present age; and herein, our own country hath much to boast of*.

Usefulness of distinct trades, farther illustrated.

12. The advantages accruing to mankind from their betaking themselves severally to different occupations, are very great and obvious :

* The name of NEWTON, to omit many others of great eminence in different kinds of knowledge, will do honour to this nation, whilst men continue civilized, and preserve the sciences amongst them. We have lately lost a mechanic, whose assistance on many occasions was eagerly courted, even by our vain and rival neighbours; a man well known, and, being known, admired, in all the principal courts, and learned academies of *Europe*. I need not say that I here mean the late GEORGE GRAHAM, whose eminent skill in mechanics, by which he was known to the world, was yet known to his friends to have been but a small part of his merit. We have yet several artists who excel in their respective professions, all that went before them. What Mr. HARRISON hath done about *clocks*, is truly admirable; and *mathematical instruments* were never made so perfect and exact, as they have been and still are by Mr. BIRD: These men stand unrivalled. I have many more very excellent artists in my eye, but I forbear naming any, lest I should do injustice to others who might have an equal share of merit.

Whilst I am celebrating the superior skill of some of our most eminent artists, I am not very wide from my subject: And I wish it was duly considered, by those who ought to consider it, what countenance and encouragement is due to such men; what great benefactors they are to their country, what great reputation and wealth they bring to it, who by their fame and example create emulation in others, and so raise and support a reputation of our artificial products in distant countries.

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obvious : For thereby, each becoming expert and skilful in his own particular art ; they are enabled to furnish one another with the products of their respective labours, performed in a much better manner, and with much less toil, than any one of them could do of himself *. And the world now abounds with vastly greater quantities and varieties of artificial products, than could ever have been effected by the utmost efforts of small and unconnected societies. The farmer is the most likely person to be able to subsist of himself ; but he would find it very difficult to get even implements for his husbandry, without the aid of the smith and the carpenter ; and they again, find it their interest to truck with him for what they want, instead of tilling the ground themselves. In building and furnishing a house, the business

* When our great load of taxes, reaching down to the meanest artificer, is considered ; it would seem that labour is cheaper in *England* than in other countries ; that is, that our artificers are more skilful, and produce more and better goods in a given time, than is usually done elsewhere : For, in comparing the price of labour, the mere consumptions or earnings of the labourers, are not alone sufficient ; what their labour produces, must be also taken into the account. Without supposing that labour, in effect, is really cheap with us, it would be difficult to account how such large quantities of our artificial products could be vended abroad. But how long this supposed superiority of our workmen, can be able to balance our other disadvantages, deserves seriously to be considered.

finest becomes still more complex; and more variety of arts are necessary. And should any one undertake to provide a coat only, by going himself through the various operations of shearing the wool, carding, spinning, weaving, tucking, &c. half the labour and toil in his own particular profession, would not only have equipped him with a better garment, but also procured him other necessities *. Besides the great incumbrance of tools, that would be requisite for the finishing of most things from the beginning; it would be next to impossible for any one man, either to find time, or to acquire skill sufficient, for the making of all those tools; he would soon find himself at a loss, and under a necessity of seeking the aid of others.

Usefulness of dealers.

13. The usefulness of people betaking and confining themselves to particular arts, is very manifest. And from hence naturally arise employments for another class of men; I mean, dealers of all sorts, from the meanest shop-keeper to the merchant: These, with-
out

* Agreeable to this is the old *adage*, "Jack-of-all-trades
" will never be rich." And those smattering geniuses who
will be meddling in various arts, rather than employ others
in their proper callings, are but poor economists, as well
as bad neighbours.

out applying themselves to any of the manual arts, are busied in collecting, and afterwards in distributing, the various sorts of products or commodities; and by their arts and industry, the products of the remotest places are collected, as it were, into grand store-houses; where every one may be readily supplied, according to his desires.

The dealers, like the artificers, are subdivided into distinct trades, and so, become mutually serviceable to each other. Without this subdivision, commerce would have been strangely embarrassed; many parts of it must have been totally neglected; and a monopoly here would have like bad effects, as if men tried themselves to make all the things they wanted.

Usefulness of commerce farther exemplified.

14. To exemplify the nature of commerce a little more particularly: Amidst the farmers, which we will suppose are dispersed at convenient distances over the whole country, there will be villages of different sizes, dispersed at yet greater distances. In these villages, besides some farmers, and some poor husbandmen; there will be most likely a smith, a carpenter, an alehouse-keeper, perhaps a butcher; if not

a shoe-maker, at least a cobbler, a petty grocer, &c. In larger villages, there will be more of these trades, and some others besides: All these have their food of the neighbouring farmers, and are supported by what they earn of them, and of one another. Their overplus, the farmers carry to the adjacent market-towns; wherein are a greater number, and a greater variety of artificers; more shops, and better sorts of goods; more publicans, and better entertainments, than are in the villages. The several shop-keepers here, fetching many or most of their goods from remote places, in large quantities at a time, can afford to furnish their respective customers at a much cheaper rate, than they could furnish themselves; as they save each of them the trouble, risque, loss of time, and expence of a long journey. These shop-keepers know also, how to procure their goods at the best hand; and they take care to furnish themselves, with whatever is necessary for the consumption of the adjacent country. The farmers, likewise, find it their advantage to dispose of their superfluous cattle, butter, cheese, &c. to drovers and chapmen, that come to meet them at known appointed fairs; and they again, know where to drive and carry, by
whole-

wholesale, those commodities to a better market.

The trade of large towns, is again branched out into greater varieties; these not only supplying the lesser towns, as they do the villages, but also affording many curiosities, fit only for the gentry and people of affluent fortunes. In like manner, manufacturers and dealers, find it their interest to seek each other: Knowing before-hand where and how to dispose of his goods; the one, is enabled to pursue and cultivate his art, without that loss of time and interruption, to which he would be otherwise liable; and the other, having in his warehouse various sortments of different goods, bought at the best hand from different manufacturers, furnishes not only the petty shop-keepers or chapmen of his neighbourhood, but also many others in remote places, with all the sorts they want; which would have been endless and too expensive for them to have done, by going themselves for their little quantities to the several manufacturies, which might be dispersed at great distances.

Thus, as in the manual arts, it is the interest of each dealer, to confine himself within a certain district; and this, likewise, is of mutual advantage to the whole: By this œconomy, each particular trade becomes better

understood, better cultivated, and carried on easier and cheaper ; the whole community is, as it were, thereby linked together in one general commerce ; and by a daily intercourse and correspondence, a large country becomes in effect as one great city ; greater numbers, creating more employments, and contributing to each other's better subsistence : It being a constant observation, that the poorest living is in thin inhabited countries. Indeed, it is trade that makes countries populous, as well as what procures the inhabitants a comfortable subsistence. Again, by the diligence of the merchant, in investigating and dispersing the products of different countries ; all nations become, as it were, connected together in a commercial interest ; and all enjoy the benefits of the various productions of different climates.

Of foreign commerce.

15. In a nation skilful in arts, and abounding in products for the necessaries of life ; the due ordering of its own internal trade, must be its greatest concern : But yet foreign commerce is advantageous, in many respects. By the great and almost inexplicable circuit and labyrinth of trade, the peculiar riches of each respective country, are dispersed

dispersed every where, to the mutual benefit of all mankind; and the whole world becomes, as it were, one community or great trading city; every climate, by the means of commerce, enjoying the peculiar fruits of the rest: By commerce, not only commodities natural and artificial, but the arts themselves are also communicated, improved, and extended; industry promoted, and useful employments found for a greater number of hands. There is perhaps no nation in the world, but what might subsist of itself; most countries abounding with means of sustaining life, suitable to their respective climates; and yet, perhaps, there is no country so fertile, or nation so polite, but what may be greatly benefited by a foreign commerce. In the *West-Indies*, where labour is toilsome, a small degree of it suffices to procure plenty of roots for bread; and a sufficiency of flesh, fish, and fowl, are easily obtained. But the artificial products of *Europe*, are a beneficial exchange for the produce of the cane; and this again is convenient and acceptable to the *Europeans*.

Every nation should have a watchful eye over its foreign commerce; for it might so happen, that a trade which enriches the merchant, might impoverish the public.

That

That trade is most beneficial, which exports those commodities that are least wanted at home, and upon which most labour hath been bestowed ; and which brings in return the reverse sort ; that is, simple products, either necessary for immediate consumption, in the form they are imported ; or as materials to be wrought into commodities, wanted either for home use or exportation. In few words, that trade is best, which tends most to promote industry at home, by finding employment for most hands ; and which furnishes the nation with such foreign commodities, as are either useful and necessary for our defence, or more comfortable subsistence. And that trade is the worst, that exports the least of the product of labour ; that furnishes materials for manufacturies in other countries, which afterwards might interfere with some of its own ; and which brings home unnecessary commodities, either soon perishable, or of a precarious value. But no nation can in all cases chuse for itself : The immediate disadvantages of some trades are to be overlooked, if in the long run and great circle of commerce, they at last turn out to be beneficial. Natural alliances, and
natural

natural rivalships, for such there are, and ever will be, betwixt particular nations, are also subjects of great moment to the statesman, though not to the merchant, in the consideration of a beneficial commerce. And to a maritime country, the increase of shipping and of mariners, is an object of great importance.

I am unwarily entered upon a large field; but my view under this head, being only to give a general idea of the nature and benefit of trade, by sketching out some of the principal lines, I must here proceed no farther: To treat this subject with tolerable accuracy, would be a large, curious and useful undertaking *.

V.

* This would be no less, than the taking a general view of the whole political œconomy of established communities; it would be shewing how the several parts are necessarily connected, mutually dependent on and subservient to each other, and to the whole: Such a work might be of singular use to the statesman, by pointing out to him, what parts are growing too luxuriant, and what parts want further nourishment and countenance; and perhaps, in the whole system of politics, if the whole doth not ultimately terminate there, no part is of that importance as the preserving of a due order in all things at home.

How trades beget and nourish each other, is beautifully described in a book, containing many judicious observations upon that subject, entitled, *A plan of the English commerce*, page 20 to 27. The author, after supposing fifty farmers, each with two hundred pounds stock, settled in a kind of circle of a convenient extent in some uninhabited part of *England*, shews how in a little time a town with various trades, would be naturally built and settled in the
midst

V. *Of the comparative riches or wealth of nations.*

16. The comparative riches and strength of nations, are not to be reckoned from the extent of their dominions, or simply from their numbers of people; but rather from the fertility and aptness of the soil, for furnishing useful and necessary products; from the industry of the inhabitants, and their skilfulness in arts; and besides all this, from their having a well-modelled, and well-administered government: For a good government is itself a most valuable treasure, a main source of riches, and of all temporal blessings. The *Russian* map, takes in a larger extent of country than all *Europe*; and yet that nation till of late, made no great figure upon the stage of the world. I am inclined to think that the territory of *Great Britain*, is more * valuable, though less extensive, than

midst of them; and how these farmers and their families, which he supposes to consist of 350 persons, would bring to them and find maintenance for at least 1000 persons more. The whole detail is too long for this place, and to abridge would be to maim it. This book was printed for C. Rivington in St. Paul's Church-yard, anno 1718.

* Besides having of our own growth, plenty of all sorts of provisions, materials for buildings, apparel, &c. we have also lead, tin, copper, iron, calamy, coal, culm, allom, copperas, fullers earth, and sundry other minerals; some of which are in a manner the peculiar growth of this country, and very desirable

than *France*; and the *English* artists upon the whole, take the lead of all the world. The *French* are much more numerous than we are, and perhaps also more skilful in the arts of war; and their government, for sudden enterprises, is * better framed than ours: But the *English* commonalty are more robust, brave and intrepid when roused; and have from their soil and skill in arts, such great resources and advantages, that if they do but preserve their † constitution entire, maintain a public spirit, with union and concord amongst themselves; they may continue their independency upon other nations, to the latest times. But futurity is not ours: Let us, whilst we are, each in his place, act our parts like men, and all will be well.

The stock of a nation in all sorts of productions, natural and artificial, is to be included in the idea of its riches; and more especially its stock of those things that are necessary for the support of life, and for defence against enemies: For as men are circumstanced, this last

desirable abroad: But I do not recollect to have heard, that *France* yields any one natural product wanted by us.

* This advantage is, in many other respects, much overbalanced by the milder and more temperate frame of our government.

† The freedom of this nation, is the true parent of its grandeur: If ever it becomes enslaved, its august and mighty monarch, will dwindle into an inconsiderable and petty tyrant.

last also is a necessary ingredient. An industrious and skilful nation, having the land well stocked; the houses well furnished; the shops, warehouses, granaries and magazines of all sorts, well filled; may with great propriety be said to be rich: To this estimate, must be also added all the goods in foreign warehouses, that are the property of its merchants. When the riches of a country, are considered under this extensive view; the whole amount of its cash or bullion, cannot make so considerable a part, as people are apt to imagine. We shall consider more particularly hereafter, in what sense, and how far, gold and silver are riches: But we are not to form an idea of the riches of past ages, from the abundance they had of those metals. The *Inca's* of *Peru* were not the richer, for the immense masses of gold they possessed; and its being so greedily coveted, proved the cause of the loss of their country: Could they have changed their gold into iron, it would have been vastly more serviceable to them; and with it, they might probably have defended their country, against those merciless invaders, that used them so barbarously. We should not yet perhaps, reckon those people so very despicable and poor, because they had but few
of

of the arts amongst them: They were in possession of a goodly country; had plenty of sustenance; of such apparel and buildings, as gave them content: If they had no learning, they yet had good manners, probity, and a regular government; worthy, in many respects, the imitation of the politest *Europeans*. But we, having tasted the sweet fruits of arts, could not part with them, without feeling the utmost reluctance; without being in a high degree sensible of the calamitous distresses of poverty. It is in the product of arts, that riches chiefly consist; and if we reckon by this standard, the present age is probably richer than any of the past; and our own nation is herein, not inferior to any of its neighbours.

Of sumptuary laws.

17. The desire of increasing in wealth and riches, is universal; many cry out against luxury, and wish to have it stopped by *sumptuary laws*. But this is a matter of great delicacy, and requires a nice judgment: Such laws, if not well considered, might be productive of effects, contrary to their intention. The curious arts of all sorts, are beneficial to a country; and the discouraging any of them, will, instead of

beget-

begetting riches, bring on poverty. If men had contented themselves with bare necessities, we should have wanted a thousand conveniencies, which we now enjoy ; and many of the talents given to us, would have been quite useless, for want of opportunities of exerting them. The word *luxury* hath usually annexed to it, a kind of opprobrious idea ; but so far as it encourages the arts, whets the inventions of men, and finds employments for more of our own people ; its influence is benign, and beneficial to the whole society. But if luxury, or fashion, tend to discourage the arts and industry at home ; to stock the nation too much with costly trifles from abroad, of no real use ; or with consumable commodities, not really wanted ; thereby, transferring the employments from our own poor, to those of other nations ; to nations, it may be, not our friends ; luxury then, degenerates into evil, and should be suppressed in time. Vanity, though it ruins many individuals, is yet perhaps beneficial to the community ; and the ways of indulging it, should not be too much straightened : Prevent its leading to any intemperances, that may affect either the healths, morals, or industry of the people, and no harm will be done.

VI. *Industry the source of wealth, and good order that of industry: Public spirit the great fountain of national grandeur, and happiness.*

18. I shall conclude this chapter, with observing again; that labour, skill, and industry, are the true sources of wealth; and the means of distributing it, in a due proportion, among all the members of the body politic. It is not any specific quantity of money, but the due distribution of it, that renders that body healthy and vigorous in all its parts. Idleness is the bane of society; the great source of vice and confusion; the fore-runner of public distress and calamity. Industry produces the contrary effects; and is to be promoted by all possible methods: These are various; they are chiefly good laws, speedily, righteously, and cheaply executed; wise regulations of commerce, as well internal as foreign; good examples; a watchful care in the magistrates, to suppress in the first instances, vice, sloth, and all kinds of immoralities; a due care of the indigent and feeble, that none perish for want, when there is more than sufficient for all; the securing of private property; a due dis-

dain

dain of all chicanery, quibbling and sophistry, more especially, in schools and courts of justice; ability, uprightness and dispatch in public offices; the countenancing of probity, of plain dealing, of arts and sciences; and in all cases, an inviolable maintenance of public faith. These, are some of the ways, to breed and cherish a public spirit, among all ranks of people; without which, no nation can be happy; no community can long subsist.

A nation skilful in arts, abounding in products, untainted in its morals; where public spirit prevails, above local and personal interests; and under a wise and righteous government, duly tempered, so as to be secure itself, and all under it secure; a nation, I say, under these circumstances, must needs within itself, be rich, flourishing and happy. But power, grandeur, and influence abroad, depend chiefly on the numbers of industrious inhabitants at home. A limited number, cannot acquire above a limited degree of wealth, or strength: The way to increase both, is to break down the barricadoes of local enfranchisements; to encourage matrimony among the lower class, by giving some privileges to those who have children; finding employments for those
who

who are able ; and supplying with necessaries, the helpless and indigent. Moreover, if you please, you may invite hither foreign Protestants ; by giving the privileges of free denisons, to all that are desirous of incorporating themselves under the banner of our laws, and enjoying the benefits of our happy constitution. But some better regulations should be made with regard to our own poor, before strangers can be induced to come among us.

CHAPTER II.

Of MONEY, and COINS.

I. Of Barter.

19. **T**HE first commerce amongst men, was undoubtedly carried on by *barter*, or the exchange of one commodity for another ; and indeed, this is the true and ultimate end of all commerce, whether foreign or domestic. But as men and arts increased, a mere barter of commodities became inconvenient, and insufficient, in abundance of instances. For it must needs frequently happen, that one man would want goods of another, that wanted none at the present, of those goods which he had to give him in exchange ; and therefore to him, these goods would be but of small value ; and it might be a tedious and intricate course, before the goods of the first man could be so often bartered, till at length they became exchanged into that particular commodity, which the second wanted. The same inconvenience would attend private bills, or promissory notes ; for the *note* could not well be

be discharged, till the man who gave it, met with a customer, that had goods which suited him, to whom the said note had been given. Add to this, that contracts payable in goods were uncertain; for goods even of the same kind, differ in value. One horse is worth more than another horse: Wheat off one field, is better than wheat off another. Cows, horses, swine, &c. wheat, barley, oats, &c. might differ greatly in their value; a great disparity also would frequently happen, between artificial things of the same sort, as one workman excelled another. So that in this state of barter, besides the endless difficulties people were under to suit one another; there was no scale, or measure, by which the proportion of value which goods had to one another, could be ascertained*.

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II.

* In a state of barter, there can be but little trade, and few artizans. For want of a ready exchange for their goods, people would look little farther than to get food, and some coarse raiment: The landed men would till only so much land, as sufficed their own families; and to procure them those few rude necessaries, which the country afforded. Hence, without some kind of money, the arts can make no progress; and without the arts, a country cannot flourish or grow populous. Ignorance and idleness will naturally beget trespasses, incroachments, wars and contentions, ever destructive to the growth of people. Does not this account for what we daily see, even amongst nations reckoned polite? And how important is it, that the rulers of the earth should be more liberally educated?

II. MONEY, *what, and whence it arose.*

20. To avoid the great inconveniencies of mere barter, a material or commodity that should be universally accepted in exchange for all other things, was soon agreed upon; and this is what we call * MONEY. As soon

as

* The first step from mere barter to the invention of money, was probably by *pledges* or *deposits*, which the owner was to redeem. And metals being durable, divisible without loss, and easy of carriage; and having from their usefulness a value set upon them, like other things; men coveted to have metals for their pledges, and some one metal, preferable to the rest; and this desire becoming universal, that metal, from being used as a mere pledge, soon became money. Suppose this metal was silver: "He who had more goods than he had occasion for, would chuse to barter them for silver, though he had no use for it; because silver would not decay upon his hands, or be of any expence to him in keeping; and with it he could purchase other goods as he had occasion, in whole or in part, at home or abroad; silver being divisible without loss, and of the same value in different places. *Ex.* If *A* had 100 sheep, and desired to exchange them for horses: *B* had 10 horses, which were equal to, or worth the 100 sheep, and was willing to exchange: But *A* not having present occasion for the horses, rather than be at the expence of keeping them, he would barter his sheep with *C*, who had the value to give in silver, with which he could purchase the horses at the time he had occasion. Or, if *C* had not silver, but was willing to give his bond for the silver, or the horses, payable at the time *A* wanted them: *A* would chuse to take the bond payable in silver, rather than in horses; because silver was certain in quality, and horses differed much. So silver was used as the value in which contracts were made payable." And thus the transitions from *bartering* to *pledging*, and from *pledges* to *money*, were very natural and obvious.

The above extract is taken from an ingenious piece, tho' not free from some grievous mistakes, of the celebrated Mr. *John Law's*, entitled, *Money and trade considered*, printed at London in 1720.

as this invention became established, men reckoned the value of their goods by money; and the terms *prices*, *buying*, and *selling* came in use; a greater or less quantity of money going to the purchase of all things, in proportion to the respective values which before had been set upon them, as well in respect of that commodity now made money, as of one another.

Thus, MONEY *is a STANDARD MEASURE, by which the values of all things, are regulated and ascertained; and is it self, at the same time, the VALUE or EQUIVALENT, by which, goods are exchanged, and in which, contracts are made payable.* So that money, is not a pledge, to be afterwards redeemed, but is both an equivalent and a measure; being in all contracts, the very thing usually bargained for, as well as the measure of the bargain: Or, if one thing be bartered for another; the measure of the bargain, is usually the quantity of money, which each of the things bartered, are conceived to be worth.

To illustrate this subject farther, let us suppose *silver* to be that commodity, which was fixed upon as money. Silver had before a known value, from its uses as a metal; and being durable, portable, divisible

without loss, and of equal goodness every where, as will be explained hereafter, was found every way convenient for the purpose of money; and having been applied to that use, silver received an additional value to that which it had before, as a mere metal, from the greater demand for it thence arising. As soon as silver was made money, it was used, both as the value in which contracts were made payable, and also as the measure, by which goods were valued; and consequently, of the proportion of value of different goods to one another. Thus, as Mr. *Locke* observes, “ the value of lead to wheat, for
“ instance, and of either of them to a cer-
“ tain sort of cloth, is known by the prices
“ of each, or their value in silver or mo-
“ ney. As if a yard of cloth be worth or
“ sells for half an ounce of silver, a bushel
“ of wheat for one ounce, and a hundred
“ weight of lead for two ounces; any one
“ presently sees and says, that a bushel of
“ wheat is double the value of a yard of
“ that cloth, and but half the value of an
“ hundred weight of lead.” And accord-
ing to these proportions, any quantity of the
above commodities will exchange, either
for money, or for one another. So that, as
before observed, money is always the stan-
dard

dard that * measures the values of commodities ; and, most commonly, is also what is given for them, or the equivalent with or for which they are purchased.

How money differs from other measures, and also from commodities.

21. In the idea of money, the quality of the material is supposed to be unchangeable, and to be universally or every where the same : And therefore, the material being once fixed or agreed upon ; all that is to be included in the idea of money, is the quantity only of that material, as in other standard measures, whether of weight or extension : And the only essential difference betwixt them, is this ; that money is not only a measure, but also an equivalent, and as such passes from one to another ; whilst other

D 4 measures,

* In like manner, money is used as the measure by which goods to be delivered in different places, are valued. *Ex.* If a piece of wine was to be delivered at *London* by *A*, merchant there, to the order of *B*, vintner at *Brecknock* ; and the value to be delivered in butter at *Brecknock*, by *B* to the order of *A*. The wine is not to be valued by the quantity of butter it is worth at *London*, nor the butter by the quantity of wine it is worth at *Brecknock*. The way to know what quantity of butter is equal to the wine, is, by the quantity of money, each is worth at the places where they are to be delivered : Thus, supposing as before, silver to be money ; if the piece of wine be worth at *London* 20 ounces of silver, and 20 ounces of silver be worth 24 stones of butter at *Brecknock* ; then 24 stones is the quantity of butter to be given there, in return for the wine.

measures, may rest indifferently in the buyer's or seller's, or a third person's hands, it matters not whose they be.

Money also differs from all commodities in this, that, as such, its value is permanent or unalterable; that is, money being the measure of the values of all other things, and that, like all other standard measures, by its quantity only; its own value is to be deemed invariable: And all contracts or engagements, are to be deemed fully discharged and satisfied, by the payment of the specific quantity or sum of money, agreed upon; without having any regard to the value of money, with respect to other things, at the different times of contracting and discharging of debts.

This is a fundamental characteristic of money, without which, it would lose its use as such; nor can money, with any propriety, be considered as being subject to vary in its value, without referring it to something else as a standard; and thereby, departing from its use as money, and making it a mere commodity.

Of some requisite properties in the material of money.

22. That money may continue in esteem, and preserve the public estimation, as an equi-

equivalent, and a standard measure; it is necessary that it be made of a material or commodity, which is not too common, not too cheap or bulky, not growing spontaneously, or to be found without a valuable consideration in labour or land; not very subject to be consumed with use, or to be spoiled for the want of use, nor subject to expence in keeping. For money, like other things, whatever pains may be taken to shew, or some may think to the contrary; will soon find a value, in proportion to the labour and skill, that are necessary to acquire it; or in a reciprocal proportion to its plenty. Though we reckon by money; yet labour and skill, are the main * standards, by which, the values of all or most things are ultimately ascertained; and there will require a greater or less bulk of money, to purchase the very same thing, according as there is a greater or less quantity of money in circulation; that is, according as the material of money is cheaper or dearer, or in greater or lesser plenty.

The use of money is very general, as well as antient; and many poor states, that had scarce any arts or traffic amongst them, had
yet

* Art. 7.

yet a sort of money. In some parts of *Africa*, the small shells called by us *couries*, passed as money; and in some other parts of that barbarous continent, *salt*, being very scarce, and therefore much valued, was used as money: In the one place, a certain number of shells; and in the other, a certain measure or weight of salt; going to the purchase of such and such a commodity. But among trading and polite nations, such common materials or commodities, would not do for money; their money must be such as hath an intrinsic value, and thence, an universal esteem among those they traffic with.

A nation secluded from the rest of the world, might indeed, fall upon various methods of supplying the use of money: And we see that some of our plantations, make a shift without any money, properly so called; using only bits of stamped paper, of no real value. But, wherever that material, which passeth as or instead of money, hath no intrinsic value, arising from its usefulness, scarcity, and necessary expence of labour in procuring it; there, private property will be precarious; and so long as that continues to be the case, it will be next to impossible for such people, to arrive

rive at any great degree of power and splendor *.

Metals, the fittest materials of money.

23. For the purpose of universal commerce, metals seem the fittest materials for a standard measure, or *money*; as *copper*, *silver*, or *gold*; they having all the properties above required: They are moreover divisible into minute parts, which parts retain nevertheless an intrinsic value, in proportion to their quantity or weight; because those parts may, without injuring the metal, be again united together into a greater mass. These metals are durable, and also susceptible

* There is a very wide and essential difference, betwixt money and bills: The one, having an intrinsic value, is in all contracts and dealings, the equivalent, as well as the measure. Bills are nothing, but mere promises or obligations of payment: And even public bills, for such only usually pass as money, have only a local credit, being limited to the territories of the state that issued them; and depending merely upon their faith, those that are in private hands are, to say no worse, subject every day to be debased by the creation of more new bills. For bills, whilst they pass as money, partake so far of its nature, that the more, or for a greater sum, there are of them in currency, the less will be the value of any given bill, or a bill for a given sum.

Some of our plantations, have severely felt the ill effects of those weak, unjust and destructive measures, of increasing the quantities of bills; whilst the *Philadelphians*, by keeping sacredly to a certain number or sum total of bills, have not only preserved their credit amongst themselves; but even extended it, to some of the neighbouring provinces; where, I am informed, a *Philadelphian* bill will fetch more than one of their own, made for the same or a like sum.

susceptible of any form, mark, or impression; and are convertible from money or coins, into utensils of various kinds; and from these, into money again. These properties are what give money, which is generally made of one or other of the above metals, a real and intrinsic value. There is scarce room to imagine, that money, made of a material good for no other purpose, would long continue in esteem, as such; the usefulness and scarcity of the materials, are both considered in the common estimation of money.

Base metals not fit materials of money.

24. Again, it is requisite that that metal which is made money, or the standard measure of commerce, should be either of equal goodness every where, according to its quantity or weight; or, that there should be some certain criterion, by which might be ascertained, the true proportional value of any given mass of that metal, when compared with any other given mass of the same metal. Money cannot be a proper or exact measure of the values of other things, if its own value is questionable; for if it could be doubted, whether my ounce of money, be precisely of the same value with
any

any other person's ounce of money; it would create such a distraction in all kinds of traffic, that would frustrate the very end and design of money.

The *base metals*, as *copper*, *tin*, *lead*, and *iron*, have none of them the above quality, or that precise certainty of value, required in money. For, although the artists employed about them, can soon find that this mass of copper, for instance, is better or worse than that other mass, at least for their particular purposes; yet, there is no method of ascertaining, to any exactness, what is their respective pureness; or what is the specific difference betwixt, or what is the true proportional value of, different masses of that metal in respect of one another. And therefore * copper, is not a fit material for money: And the other base metals, are still more unfit; for the like, and other reasons, that are sufficiently obvious. Their great plenty and cheapness, is a farther objection to the making money of any of the baser metals.

III.

* Copper coins with us are properly not money, but a kind of *tokens* passing by way of exchange instead of parts of the smallest pieces of silver coin; and as such, very useful in small home traffic.

III. *Fine silver and fine gold, of equal goodness every where.*

25. Silver and gold, when pure and unmixed with base metals, are called *fine*, or *fine silver*, and *fine gold*. And these, called the *precious* and *noble metals*, when thus pure, have every where the same characteristics, and in all respects the same qualities, so far as hath hitherto been discovered; that is, an ounce of any fine silver, is exactly of the same intrinsic worth or value, with an ounce of any other fine silver: And the same of fine gold, with respect to fine gold.

But these precious metals, are seldom found pure, till they are made so by art for particular purposes; and when they are not pure, the metal commixed with them is called *alloy*. This alloy is reckoned of no value; that is, if to an ounce of fine silver be superadded, suppose, an ounce of copper; this addition of copper, though it increases the mass to double the quantity, yet gives that mass no additional value: So that one ounce of fine silver, is of as * great value

* A certain proportion of copper will even depreciate the value of the silver mixed with it; if this proportion be so great, as to make the silver not fit for common purposes, without refining.

value as the two ounces of this mixed mass. And the reason of it is, because these metals cannot be again separated, either without a total loss of the copper, or without more cost than profit. In like manner, not only copper, but silver also, is an alloy to gold; and when they are commixed together, the silver is reckoned of no value, unless it be in such proportion to the gold, as to make it worth the refiner's while to separate them *.

Silver and gold, when alloyed, are said to be of such a fineness, according to the proportion there is of fine silver or fine gold, to the whole mass. Thus, a mass of silver, containing eleven parts of pure or fine silver, and one part of alloy, is said to be $\frac{11}{12}$ fine; or with us in *England*, eleven ounces fine; because our pound for weighing gold and silver, is subdivided into twelve ounces.

IV.

* For the same reason, a proportion even of gold mixed with silver, that is less than a penny weight in a pound Troy, doth not add to the value of the silver, excepting so far as it increases the mass; the gold, in this case, being reckoned only as silver, and not considered as increasing the value of that silver, with which it is mixed. And I am informed, that a penny weight of gold in a pound weight of silver, is the least proportion of gold, that will pay for refining; this being reckoned a profit only, of about one farthing *per ounce*.

IV. *Silver and gold the only proper and fit materials of money.*

26. The degrees of fineness of both silver and gold, are discoverable, by skilful assay-masters, to great exactness ; and these metals, being universally of equal goodness, according to their purity, they are proper materials of money. And indeed, they have manifestly a peculiar fitness for that purpose, above any other material hitherto known ; and accordingly, these metals only are used as such, by all the polite and trading nations of the world.

V. *Of COINS.*

27. As the intrinsic qualities, or degrees of fineness of given masses of silver and gold, are not discoverable without art, trouble and expence ; the expediency of coining was soon discovered. The public stamp upon coins, is a voucher and security to every one, that the coins that wear it, are of a certain fineness, and intrinsic value, according to their size or weight : And coins also, being more distributive than bullion, are, upon that account likewise, more convenient for trade, and in the common affairs of life.

Names

Names of coins, and of integral sums of money, taken chiefly from weights.

28. In antient times, the names of given sums of money, do not seem to have been properly the names of any species of coin, but of different proportions of weights : As the *talent*, *sheckle*, *mina*, *drachma*, &c. and in later times, *pound*, *mark*, &c. The mark is now disused by us ; but in several of the neighbouring countries, it is still their integer for weighing metals, and is subdivided into eight ounces. And when the art of coining became established, the coins took their names from certain weights, used in the respective countries ; to which weights, the coins at first exactly corresponded. The integral sums of money, were also denominated, from integral weights ; as the *livre* in *France*, and the *pound* in *England* and *Scotland* ; and so many of the coins as made the sum of one pound, or a money pound, made also exactly a pound in weight. At present, we have only the names *pound* and *penny*, that are common both to money and weights : Antiently, a *shilling* was here the name of a given weight ; and 240 pennies made the sum, as at present, of one

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pound, and a pound-weight. But now, a silver penny is only the $\frac{1}{24}$ of a penny-weight Troy; which is a little more, than a third of what a penny weighed at the conquest.

Of our present weights, and divisions of money.

29. It is thought that the *livre*, or pound weight, of silver, was instituted as the *money integer*, by CHARLEMAGNE: And this he subdivided into *sols*, and *deniers*, which bore exactly the same proportion to the *pound*, as our *skillings* and *pence*, now do, to our *money pound*, or *pound sterling*. I have not met with any distinct account of the *Saxon weights*; but it is very probable, that the weight called the *pound of the Tower of London*, was the old *Saxon pound*. This pound contained $11\frac{1}{4}$ ounces Troy; and did not very sensibly differ, from 12 ounces of the weight still used in the money affairs of *Germany*; and there known, by the name of *Colonia weight*. The *Tower weight* continued in use at the mint there, from the conquest till the 18th year of the reign of *Henry VIII*; at which time it was laid aside, and the *Troy weight* introduced in its stead. The *Saxon or Tower pound weight*, was divided,

vided, as our *money pound* now is, into *shillings*, *pennies* and *farthings*; and it seems very probable that antiently, the weights answering to these names and subdivisions, were those in common use.

I was obliged to my late learned friend MARTIN FOLKES, Esq; for this account of the *Saxon* weight, &c. long before he published his curious *Table of English silver coins*, where the same is to be met with: A work which none, who are desirous of having an exact history of our coins, should be without; and from which, as a farther illustration of this subject, I beg leave to make the * following extract.

The

* Page 1, 2. The Troy weight, *Pondus Trecense*, from *Troyes* in *Champagne*, is generally supposed to have been introduced here by the *Normans*; but does not seem to have been immediately established. It is most probable that the pound of the *Tower*, or the *monyers pound*, was also the pound in common use before the conquest; and that it continued to be so for a considerable time after, till the Troy pound, perhaps from its greater weight, got the preference by degrees. It is observable, that in the old statute called *Affisa panis & cerevisie*, 51 Hen. III. and which it self refers to "older ordinances made in the time of the king's progenitors," the weights of the several quantities of bread, &c. therein mentioned, are not expressed in Troy but in money weights, that is, in pounds, shillings, pennies, and farthings. "When a quarter of wheat is sold for xii*d.* then
"wastel breade of a ferthing shall weigh vi*li.* and xvi*s.*
"Breade cocket of a ferthing of the same corne and bultel,
"shall weigh more than wastel by ii*s.* Cocket breade made
"of corne that is of less price, shall weigh more than wastel by v*s.* A finnel of a ferthing shall weigh ii*s.* less
"than wastel, &c."

That coins in all or most countries have, at different times, been debased; but the same denominations still continued.

30. The antient denominations given to money, in the severall countries, have been still continued; but the coins which made up the sums so denominated, have been since, at different times, greatly debased or diminished in their value *. And now coins, are

Our learned author goes on, and brings several more authorities to shew, that the money or *Tower* weights, known also in *France*, were those antiently used in *England*. But I shall trespass no farther upon him here, than in adding the following extract of a *verdict relating to the coinage of 30th Octob. 18 Hen. VIII.* remaining in the Receipt of the Exchequer at *Westminster*, in which are the following words. “ And whereas “ heretofore the merchaunte paid for coynage of every “ pounce *Towre* of fyne gold, weighing xi oz. quarter “ Troye, iis. vid. Nowe it is determyned by the king’s “ highness, and his said counsell, that the foresaid pounce “ *Towre*, shall be no more used and occupied, but al maner “ of golde and sylver shall be wayed by the pounce Troye, “ which exceedith the pounce *Towre* in weight iii quarters “ of the oz.”

The above citation shews the precise time when the *Tower* or old *Saxon* weight, was laid aside, viz. 30th Octob. 1527; and that the proportion of the *Tower* pound to the Troy pound, was exactly as 15 to 16.

* Our money pound is at present only $\frac{10}{12 \cdot 0825}$, or about one-third, of what it was at the conquest; for then it contained $11\frac{1}{4}$ ounces of our present Troy weight, and now it is $\frac{20}{62}$ of a Troy pound. By this rule, the readers of Mr. Lowndes and of some other authors, may correct the accounts which he gives of our coins. At the accession of King James I. to this throne, the *Scotch* money pound was but equal to the $\frac{1}{12}$ of ours; and the *French* *livre* is at present, only about half the value of the *Scotch* pound.

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are so far from being serviceable as weights, which they once were; that, with us, as well as in the neighbouring countries, the weight of each piece is not readily known; being very different, from any of the weights in common use.

The original standards of coins, having been once impaired; and the same names still remaining, after the substance had been diminished, people did not know where to stop; and they seem to have thought, that coins had their value, some how, from the stamp they bore. And hence, for no better reason can be assigned, sprang those * adulterations of the coins, and the distractions and complaints consequent thereupon, that are to be met with in the histories of most countries.

VI. *Standard of monies.*

31. *Coins* being so very convenient, they only, are commonly considered and used, as *money*; whilst *bullion*, or gold and silver unwrought and unstamped, are reckoned mere commodities. And in all countries, there is established a certain *standard*, both

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* The *English*, to their great honour, have adulterated their coins less than most of their neighbours. A summary account of these adulterations with us, will be given hereafter.

as to fineness and weight, of the several species of their coins. In *England*, the silver monies are to contain 111 parts of fine silver, and 9 parts alloy; and 62 of those coins called shillings, are to weigh a pound Troy: That is, the pound Troy with us, contains 11 ounces 2 penny-weights of fine silver, and 18 penny-weights of alloy; and of a pound Troy of this standard silver, our money pound called the *pound * sterling*, contains $\frac{20}{82}$ parts; or the pound sterling is $= \frac{20}{82}$ of $\frac{111}{112}$ of a pound Troy of fine silver. And this standard hath continued with us invariably, ever since the 43d year of the reign of *Queen Elizabeth*.

The standard of our present gold coins, is 11 parts of fine gold, and 1 part of alloy; and $44\frac{1}{2}$ guineas are cut out of a pound Troy; so that a guinea is $= \frac{1}{44\frac{1}{2}}$ of 11 ounces of fine gold. The fineness of gold is not with us, reckoned by the common weights, but by imaginary ones, called † *carats*: The highest degree of fineness, or
pure

* The silver monies of *England*, are now known by the name of *sterling* or *sterling money*: A name supposed to be derived from some *Netherlanders*, who were formerly here employed in coining money, and then called here *Easterlings*.

† Mr. *Roberts*, in his *map of commerce*, page 24, 199, takes notice, that at *Venice* they have a real weight called *carat*; whence we had the name *carat*, and also the weight
so

pure gold, is called 24 carats ; so that our standard is 22 carats of fine gold, and 2 carats of alloy. The carats are subdivided into 4 parts called *grains*, and these again into quarters ; so that a *carat grain*, with respect to the common divisions of a pound Troy, is equivalent to $2\frac{1}{2}$ penny-weights.

The standard of money farther explained.

32. It is carefully to be remembered, that by the *standard of money*, is always meant, the quantity of pure or fine metal contained in a given sum ; and not merely the degree of purity or fineness of that metal ; but the fineness and gross weight are both included. Thus, the standard of a pound sterling, is 3 oz. 11 dwt. $14\frac{2}{3}\frac{2}{3}$ grains Troy of fine silver ; which is equal to 3 oz. 17 dwt. $10\frac{2}{3}$ gr. of silver 11 oz. 2 dwt. fine, which is our standard of fineness. The standard of a shilling, is $73\frac{2}{3}\frac{2}{3}$ grains Troy of fine silver, or $80\frac{2}{3}\frac{2}{3}$ grains of silver $\frac{11}{12}$ fine.

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so called by jewellers ; and that the *Venetians* had this weight from the *Indians* or *Moors*. This author says, that 150 *Venetian* carats, make one ounce Troy ; so that one carat is equal to $3\frac{1}{5}$ grains Troy, which is nearly the weight of the carat used by our jewellers. The late learned and curious MARTIN FOLKES, Esq; found by a nice examination when he was at *Venice*, that a *Venetian* carat doth weigh as above, or that 150 of those carats do make pretty exactly one ounce Troy.

The standard of our money, strictly speaking, remains the same, so long as there is the same quantity of pure silver in the respective coins having the old or given denominations; though the coins may be varied, by making them, either of finer silver and lighter, or of coarser silver and heavier. But such deviations from the old method of coining, would be imprudent; as it might create suspicion of some unfair dealings, and would answer no good purpose. On the other hand, the standard may be debased or lowered, either by coining the several species lighter, but of the old fineness; or by retaining the old weights, and making them of coarser silver; or without altering the respective coins, by making a smaller number of them go to the *pound sterling*, which is our *Unit* or money standard. And by debasing the standard, I every where mean, the lessening of the quantity of pure silver in the pound sterling, or in the respective specie which by law is ordained to make up that sum; without regarding the particular manner, in or by which, this may be done.

Why

Why coins and plate have alloy.

33. As the alloy mixed with silver and gold, is reckoned of no value ; it may be asked, why any alloy is put into coins, and plate ? The reasons are these : 1. It is seldom or ever, that silver or gold, are found pure in the mines ; and the trouble of refining to make them so, would be very great and expensive : And 2. a certain proportion of alloy, renders these metals harder, and fitter for the uses, to which they are commonly applied. The standard of about $\frac{11}{12}$ fine, is very convenient : For, if it be much coarser, both silver and gold will lose of their colour, beauty, and ductility ; and if the standard be much finer ; those metals will be too soft for many purposes, and a great expence of refining will be unavoidable.

VII. *There can be but one standard of money.*

34. Hitherto, we have considered both silver and gold, as being either of them a fit material to be made, or used as money. But although there may be good reasons for coining each of them ; yet it is very certain, that one only of these metals can be the
money,

money, or standard measure of commerce, in any country. For the standard measure must be invariable, and keep the same proportion of value, in all its parts: Such is silver with respect to silver, and gold to gold; that is, an ounce of silver is always worth just an ounce of silver; and two ounces of the one or the other of these metals, is just double the value of one ounce of the same. But silver and gold, with respect to one another, are, like other commodities, variable in their value; according as the plenty of either, may be increased or diminished; and an ounce of gold that is worth a given quantity of silver to-day, may be worth more or less silver, a while hence. And therefore it is impossible, that both these metals, can be a standard measure of the values of other things, at the same time; and one of them must be a mere commodity, with respect to the other.

Silver the money or standard measure of the greatest part, if not of all Europe.

35. Silver coin is, and time immemorial hath been, the money of accompt of the greatest part of the world; and in all countries where it is so, *silver* is truly the *standard*

measure of commerce ; and all other metals, gold as well as lead, are but commodities rateable by silver.

In *England*, accounts are kept or reckoned by the *pound sterling* ; which, as hath been before observed, is a certain quantity of fine silver appointed by law for a standard. It is according to this standard, that the public revenues are established ; lands are let ; salaries, stipends, and wages settled ; and universally, all sorts of contracts both public and private, are made and governed by this standard. And altho' it be supposed, that with us, more payments, or of greater value, are made in gold than in silver coins ; yet that doth not alter the standard, whilst the accounts are kept in silver ; so long, in all our internal dealings at least, the gold can be only a commodity, supposed to be worth so much silver as it passeth for * : And the case would be the same, although our silver coins should grow yet scarcer.

VIII. *Silver the fittest material, hitherto known, for money.*

36. All nations having, for so many ages, made use of silver for the standard measure of

* This whole matter relating to the standard of our money, shall be farther discussed hereafter.

of the values of other things; that alone, seems to be a sufficient reason for continuing the same standard; and the altering it now, from silver to gold, was the thing it self practicable, would beget great perplexities in all kinds of dealings and accompts. But farther, silver being of a more moderate value than gold, is, * for that reason, better suited for the purpose of money. For the integer and its several parts, should bear an exact and due proportion of value to each other; and this would be impossible, if they were made of different materials. There must be coins of about the values of shillings, and six-pences; and it would be better, if we had some that were still smaller: Those sorts of coins are the most frequently wanted; and there is no doing without them, or some substitutes in their stead. But these substitutes, being made of a different material from the standard money, are not themselves to be reckoned money; for the using such, would be a deviation from the true use and intent of money;

* It is also for the same reason, better suited for the making of various sorts of utensils; and money, as hath been before observed, is intrinsically valuable, because, by melting, the material is convertible into something useful. And it may be questioned, whether coins had preserved their value, and been continued as money, if silver and gold had not been applicable to other purposes.

ney ; and would subject the people where they passed, to losses and perplexities. A coin of a shilling, or even of half a crown value, would be too small in gold ; and therefore at present, gold is much too valuable for a standard of money. And it would be a ridiculous and vain attempt, to make a standard integer of gold, whose parts should be silver ; or to make a motly standard, part gold and part silver. These different materials could not long agree in value ; and silver being the most common and useful coin, would soon regain its antient place of a *standard measurer*.

Silver, I think, is less subject to variation in its value, than gold. For silver having been distributed in great quantities over all *Europe*, as well in coin as in plate of various sorts ; a sudden influx, or efflux of it, by a quicker or slower production of the mines, doth not so soon affect the whole mass. The wages of day-labour, being also usually paid in silver, may be another great reason, of a more even and permanent value of this metal. But without laying much stress, upon the greater variations in the value of gold ; which perhaps may be also partly owing, to its being every where in the eyes of the laws a mere commodity ;

modity; I think, it is sufficiently evident that silver at present, is a much fitter standard to measure with, than gold.

Silver a fit standard, though its plenty varies.

37. It may be here objected, that as the value of silver, like all other commodities, must needs be variable, according as the plenty of it is increased or diminished; silver cannot be a * fixed standard, like that of mere extension as a yard or a bushel, for mea-

* Mr. LOCKE well observes, that that grain which is the most constant and general food of any country, as *wheat* in *England*, and *rice* in *Turkey*, is the most likely thing to keep the same proportion to its vent for a long course of time; and therefore the fittest thing to reserve a rent in, which is designed to be constantly the same in all future ages; and the fittest measure whereby to judge of the altered values of things in any long tract of time. For in *England*, and in this part of the world, wheat being the constant and most general food, not altering with the fashion, not growing by chance; but as the farmers sow more or less of it, which they endeavour to proportion, as near as can be guessed, to the consumption; it must needs fall out that it keeps the nearest proportion to its consumption, (which is more studied and designed in this than other commodities) of any thing, if you take it for seven or twenty years together: Though perhaps the plenty or scarcity of one year, caused by the accidents of the season, may very much vary it from the immediately precedent or following. But wheat, or any other grain, cannot serve instead of money; because of its bulkiness, and too quick change of its quantity. For had I a bond to pay me 100 bushels of wheat next year, it might be a fourth part loss or gain to me; too great an inequality, to be ventured in trade: Besides the different goodness of several parcels of wheat in the same year. But money is the best measure of the altered value of things in a few years; because its vent is the same, and its quantity alters but slowly. *Locke's works, vol. II. p. 23, 24.*

measuring the values of other things. It probably cannot; and perhaps silver is now quantity for quantity, of three or four times less value, than it was two or three centuries ago. But yet, silver being durable, well known, esteemed, distributed in considerable quantities over all *Europe*; and its growth, plenty, goodness or intrinsic qualities, not immediately depending upon seasons of weather and other casualties; the alteration of its value hath been, for the most part, gradual; and is not likely hereafter to be very considerable of a sudden, though it may in a long course of time. And therefore, silver is as good a standard measure or money, as the present state of things will admit of; and very fit and useful to be continued as such.

We are at present but little concerned, with what might be the value of silver in former times; and as little, with what may be its value hereafter. The prices of things will naturally conform to the standard, whilst the alterations in it are slow and gradual, and not forced. But, from the nature of things, the proportion of money to goods, is ever subject to some variations; and all that can be done, to prevent the inconveniencies that might thence arise, is to limit contracts within a moderate term of years:

For,

For, in contracts, quantity only is to be considered; and no regard can be had to the future value of money, without deviating entirely from its use as such, and rendering all contracts uncertain.

IX. *Gold coins should pass as money.*

38. Although silver is the only standard measure of all our contracts; yet gold having every other quality fitting it for money, excepting its being too dear; it may be very fit and useful to coin gold, to ascertain its fineness; and to let these coins pass in lieu of money, at some * given rate: For gold coins are very convenient, in large payments. But it should not be said or understood, that a *guinea*, for instance, should be always an equivalent for the same quantity of silver. For as gold, like other commodities, must be ever subject to alter in its value, with respect to silver; the price of this dazzling metal can be no otherwise settled, than

* As there can be but one standard of money, and silver is and ought to be that standard; Mr. *Locke* was, and others are, of the opinion, that gold coins should be left to find their own value, without having any established legal rates. But this is a matter, I think, of too much importance to be entrusted to private judgment; and, if left at large, might subject the nation in general to great impositions, by a combination of the traders in coins. But of this subject, and also of copper coins, more hereafter.

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than *pro tempore*. And in all contracts, the price of gold at the time of payment is only to be considered; and not what price it might bear, at the times when the contracts were made.

X. *Of* TOKENS, or *base coins*.

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39. Although silver, bulk for bulk, is now about 26 times cheaper than gold; yet silver is too dear to be coined into specie of the lowest denominations of our money. A silver penny is too small for common use; and yet pence, and their halves, and quarters, enter daily into accounts. To supply the want of very small silver coins, a kind of TOKENS or substitutes have been instituted; these, are now with us, all made of copper, and of two species only, called *half-pence*, and *farthings*; and these are a legal tender in all sums below six-pence, which now is our smallest current silver coin.

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The use of copper coins should be strictly confined within the above limit; and therein they are very convenient: But these base coins should never be thrust upon the public in too great abundance; or be made to pass for more than the value of the copper, and the necessary expence of workmanship; otherwise, they will be counter-

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feited, notwithstanding any laws to the contrary. And to lessen the call for copper coins, it were to be wished that we had in common currency, either silver three-pences, or silver groats, and two-pences.

XI. *Money finds its own value, according to the whole quantity of it in circulation.*

40. The quantities of all commodities are proportioned, as near as may be, according to the demand or vent for them ; and their ultimate prices include the prime cost, and the profits taken by the several dealers, thro' whose hands they pass : If the quantity of any commodity exceeds, or falls short of that proportion, its price will fall or rise accordingly ; and sometimes, a change of fashion, or humour, may reduce the price of a particular commodity, almost to nothing. The prices of things in general are proportioned sufficiently near, according to the above rule ; or, according to their prime cost to the manufacturer, and the progress they make from him to the consumer. But some things, as above observed, are subject to be reduced by caprice much below this standard ; whilst others are raised much above it, by the arts and avarice of monopolizers. And although the silver and gold

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gold mines, are in few hands; yet, perhaps, there is nothing whose value is so little in the power of men to regulate, or that keeps so even a pace with the quantity sent to the great market of the world, as bullion. For,

Money, exchanging universally for all commodities, the demand for it is without any limits; it is every where coveted, and never out of fashion: And therefore, on the one side, the whole quantity of money, cannot exceed the whole demand; and on the other side, the whole demand must not exceed, or it must rest satisfied with, the whole quantity. For money, is not like food, cloaths, and other things, that must be proportioned to our bodies.

Therefore, as soon as money becomes properly diffused throughout any community; the value of the sum total of it in circulation, will be equal to the whole quantity of commodities in traffic, in that country: For so much money and goods as lie dormant, or are out of currency and traffic, fall not within the present consideration *. And so far as gold and silver, make the

* There is always a great part of the property of mankind, lying dormant, or out of traffic: But as things are continually shifting, and those commodities, and those sums of money, which are out of trade to-day, may be in trade

the money of the world; so far, the whole quantity of these metals in circulation, may be said to be equal in value to all the commodities of the world, exchangeable by them: And as the total of the one, is to the total of the other; so will any given part of the one, be to a like part or proportion of the other.

And hence, the value of a given quantity or sum of money, in any country, will be less or more, according as the sum total, or the whole quantity of money in currency, is greater or less, in proportion to the whole of the commodities of that country, exchangeable for money: Or, *the value of a given sum of money will be always, pretty exactly, in a reciprocal proportion to the sum total, or the whole quantity in circulation; that is, the more money there is in currency, the less will be the value of a given sum in proportion to other things; and vice versâ.* Hence again, it naturally follows, that, *if, in any country, the whole quantity of money in circulation, be either increased, or diminished; the value of a given sum will be accordingly lessened or increased*;* and

to-morrow; the prices of things always fundamentally depend upon the above rule; that is, on the proportion of the total of things to the total of money.

* Thus, if in any country, a given sum *A* be the hundredth part of the total money of that country: If that sum

and that in proportion, as the said sum becomes thereby, a lesser or a greater part, of the whole stock in currency.

The above * proposition, is a very fundamental one as to the property of money ; and the doctrine it contains is undoubtedly proved, as far as the nature of the thing will admit of, by universal experience : Nor is there room for any doubt to remain, when it is considered that money, by its very institution, is an exchange for all commodities ; and applicable, as money, to no other purpose whatsoever. Money being universally diffused, no one hath the power to command the market, or to settle the prices of things ; and every one being desirous to have his share of things, according to his income ; all the money, in the long run, will be brought into the great market of the world ; and its value, or the prices of things, will naturally be adjusted, notwithstanding any efforts to the contrary, according to the proportions above explained.

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sum total be doubled, the value of the sum *A* will be thereby reduced to one half, as being now but a two hundredth part of the whole ; and had the sum total been reduced to a half, the value of *A* would have been doubled.

* From this proposition, all the following ones in this chapter, naturally flow as corollaries ; but on the account of their importance, they are treated and illustrated severally.

By way of farther illustration of this subject: Let us suppose that in a certain district, there is ordinarily consumed a thousand bushels of corn a week; and that, (after their money is duly proportioned for the purchasing of all other necessaries, according to the ways of living of the inhabitants,) the weekly allotment for the purchase of corn, is a thousand ounces of money: The price of a bushel of corn, at an average of the several markets within this district, will be an ounce of money. Let us suppose again, that within the said district, the ordinary * consumption of a labouring man, or rather of a poor family, is about the value of a bushel of corn a week; part of which is expended in bread, part in other food, and the remainder is reserved for the purchase of cloaths, fuel, for the payment of rent, &c. Here then, the price of labour will be at the rate of about an ounce of money *per* week; the lowest kind of labourers having a little less, and the common artificers a little more, than

* The way of living of the lower class of people, will be naturally best and most comfortable, in the happy regions of liberty; where property is duly diffused; where there is a gradual and an easy transition from rank to rank; without that ghastly and fearful void between peers and peasants, betwixt tyrants and slaves, which is ever the baneful fruit of arbitrary governments.

than in the said proportion. And hence, labour becomes naturally settled, in a certain proportion to the whole stock of money in circulation; and this price again becomes, as hath been before observed, a natural standard of the values or prices of most commodities.

XII. *Laws cannot regulate or alter the value of money.*

41. Silver being made money, and thereby becoming, as it were, a commodity universally coveted; wherein every one deals, and to which every one hath a right, according to his respective share of property: No set of men have it in their power to settle, alter, or in any wise regulate the value of money; nor can laws do any thing in the case, otherwise than as by their influence, they may increase or diminish, the whole quantity in circulation; and so affect the value of a given sum, or the prices of things.

The prices of particular commodities are every day subject to change, from natural causes; and the same may be brought about, by artificial means. But to alter the value of money, would be to alter uniformly and universally, the prices of all commodities;

a thing manifestly out of the reach of laws, and no other way to be accomplished, than by altering the proportion between the sum total of the one, and the sum total of the other ; and this, perhaps, is continually done, though gradually and insensibly, by the common course of things.

It is the business of laws to establish rules for coining ; that is, to fix a standard, both as to weight and fineness, for coins having certain denominations ; and a standard being fixed, it would be difficult to shew, why it should be afterwards deviated from. For, do what you can ; coins, as soon as they are out of the mint, are quite free throughout their whole progress, to find their own value, according to the quantity of pure metal they contain ; that is, to purchase as much of any thing, as the market-price will allow. And it seems quite a paradoxism to say, which yet I have often heard said, that in any country, money is either too cheap or too dear ; or, that its value is in any wise subject to legal restraints or regulations, otherwise than as such regulations might affect the quantity of the whole stock in currency.

Value

Value of bullion not according to the prime cost at the mines.

42. The value of bullion doth not, like most other things, keep pace with the prime cost, at the mines. If the mines continue working, so that the quantity of bullion is increased beyond the consumption; altho' the expence to the proprietor of the mine continues the same, or even be increased; yet, if the additional quantity of bullion be thrown as money into circulation, and is not hoarded, or worked up into plate, &c. the value of a given part of this bullion will be diminished; and that in proportion, as it is now a less part of the whole, than it was of the old stock in circulation. The owner of the mine, must either take less profit, or proportion his works more adequately to the consumption of his products.

An increase of any commodity beyond the consumption, will, after the same manner, depreciate the value of a given part; but perhaps in no case so uniformly, as in that of bullion or money.

As the profits from the *American* mines, have, more than probably, been continually decreasing, ever since the time of their first discovery; it may be wondered, that they

they have held out so long to yield profit sufficient to tempt the owners to work them. This is to be accounted for, by supposing, what is very natural to suppose, that at first, the profits of these mines, were exorbitantly great: Suppose that the first cargo of bullion, brought from thence into *Europe*, yielded a profit of 100 to 1: If this cargo was sufficient to double the quantity of bullion before in *Europe*, the profits of the next would be reduced to one half, or as 50 to 1; and so on, the value of a given part would be decreased, as the sum total was increased.

But as the navigation to the *East-Indies*, was discovered much about the same time, and a vent was found there for a considerable quantity of bullion; this hath prevented its value from decreasing, in the proportion that the quantity brought into *Europe* hath increased; and sufficient profits may yet arise from those mines, for a considerable time to come. But, although we should suppose those mines to be inexhaustible; yet, if no new vent be found for their products, they must in time be left to rest; that is, as soon as they cease to yield a profit.

XIII. *Money alters its value by slow degrees.*

43. It is very manifest, that many commodities are subject to considerable variations in their prices, from natural causes; as dearth, plenty, &c. and the prices of others, may be enhanced or debased by artificial methods; by taxing them, or by a change of fashion, &c. But money being universally coveted, and its vent in no wise depending upon fashion; its value, in respect of other things, will be, as before observed, in proportion to the whole quantities of the one and the other in the market; that is, in a reciprocal proportion to the whole quantity of money in circulation. If one commodity be cried down, another will arise in its stead; and people will, according to their means, part with their money for such things, and in such proportion too, as they like best, notwithstanding any laws to the contrary. Buyers and sellers must be left free to make their own bargains; and there are natural causes that regulate the market.

But money is less subject to a sudden rise or fall of its value, than other commodities, and is therefore so far the safest treasure

sure for hoarding; because its value is greatly affected by settled establishments of revenues, rents, stipends, &c. and it must have time also to penetrate throughout the whole community. Yet nevertheless, an increase or decrease of money will operate as surely, though by slower and more insensible degrees, as an increase or decrease of any commodity.

Why the effect of an increase of money, is not more sensibly felt.

44. As there hath been a great quantity of bullion annually imported from *America*, besides what is furnished by the *European* mines; it may be reasonably concluded, that the quantity of money in *Europe*, hath been increasing for many years; and the present prices of things in general, compared with what they bore a good while ago, very manifestly shews that it hath increased. But if we take a short space, as a year or two, the effects of the increase of money in that time, are not usually perceptible; because the superadded quantity, though in its self a large sum, may yet bear but a small proportion to the whole stock, real or imaginary, in circulation; and it may be in a manner dissipated, before it hath reached to all

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sorts of commodities. Yet, if there be no obstructions, the effects of an increase or decrease of money, will in time reach to the remotest parts; though, by reason of their slowness or smallness, those effects may not be sensible.

The natural and frequent alterations in the prices of many commodities, arising from their greater plenty or scarcity, in proportion to the demand for them; take off our attention from the share that belongs to money, and render the effects of an increase or decrease of its quantity, the less conspicuous. But yet these effects, in the long run, will not be the less certain: And we may safely repeat here, what hath been before advanced, *viz.*

Any given sum or quantity of money, will have its value in a certain proportion, as it is a part of the whole stock or quantity in currency; and any increase or diminution of the whole, will in proportion, lessen or increase the value of any given sum.

Why the prices of commodities, have not rose in proportion to the increase of money.

45. It is next to impossible to ascertain, to any exactness, the proportion between what is the present cash of *Europe*, and
what

what it was two or three centuries ago ; for one of the *Indies*, drains away a great part of the superfluous bullion of the other. Nor will the price of any particular commodity, or of even labour it self, which is perhaps the best standard of all, enable us to make a true estimate. For, the improvements of arts, lessen the values or prices of particular commodities ; and the improvements of husbandry, in particular, lessen the prices of corn and cattle ; and thence again, the price of labour will be lessened.

From all these considerations, it is natural to suppose that the quantities of goods in *Europe*, have increased, since the discovery of the *Indies*, far beyond the people ; and therefore, the value of any given commodity hath lessened, in proportion as the sum total or whole stock of commodities hath been increased. And if all the above circumstances could be accurately ballanced ; I make no doubt but it would be found, that the prices of things are agreeable to the rule before laid down ; that is, the *value* of any particular commodity, will bear nearly the same proportion to the sum total of commodities, disposed of within a given term ; as the said *value* bears to the sum total of money, circulating within that term.

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The totals on both sides, being always equal, or nearly equal, in value ; so that either can purchase the other.

But, without considering the increase of commodities ; there may be another cause of preventing the value of money from decreasing, in the same proportion that the quantity of bullion brought to *Europe* is increased. If the annual consumption of bullion in *Europe*, both by the *East-India* trade, and by the conversion of it into plate, be equal to what the *American* mines annually supply ; the value of money taken abstractedly, or without referring it to commodities, will remain invariable : But if the said consumption be less, or more, than the said produce of the mines ; the whole quantity of money will be accordingly increased, or diminished ; and the value of a given part or sum, will be lessened, or increased, in that proportion.

It is the real quantity of coins, or of their substitutes, that affects the value of money. And this, together with the improvements of arts and increase of commodities ; is the reason, why things in general have not raised in their prices, in proportion to the supposed increase of bullion in *Europe*, during the last 200 years.

XIV. *A nation having no foreign commerce, will not stand in need of any specific quantity of money.*

46. In a country having no foreign commerce, any quantity of money will, in a manner, be sufficient for all purposes; and any increase or diminution of the original stock, if it be but gradual and slow, will scarce be attended with any consequences of moment. This, although to many it may seem a paradox, yet clearly follows from what hath been already shewed. But as a farther illustration of this subject:

Let us suppose that many ages ago, a certain nation consisted of half a million of people, and that they had in the whole a million of pounds sterling; and that afterwards the mines or the mint were no farther worked, than to keep the money exactly to the same or the original quantity of a million. We may suppose also, that a regular government, and all the necessary arts, were established amongst them; and likewise that all the money was distributed betwixt them, in due proportion according to their several ranks; so that the hire of a labourer, we will suppose, was ten-pence

a day. By degrees, they increase in number one tenth; and with the people, all sorts of commodities, naturally increase in proportion: But the whole quantity of money remaining the same, its value increased also one tenth; and nine-pence now going as far as ten-pence would before, the wages of a day-labourer is reduced one penny: But this he doth not feel the want of; and he hath as much plenty of all sorts of necessaries now, as he had formerly.

In process of time, and that before they had any foreign commerce, the people are increased to five millions; and the price of labour, which at first was ten-pence, is now reduced to a penny a day. All this while, there were no complaints of the want of money, though every one's share came to but a tenth part of what his ancestors possessed. On the contrary, by the improvements of the arts they had set out with, and the inventions of many new ones; all ranks of people lived more comfortably, with more ease and affluence than their forefathers had done.

By these improvements of the arts, the whole stock of commodities was increased beyond the increase of the people; and each particular commodity bore less than

a tenth part of its antient price : More people in proportion could be spared from labour, for particular services and professions ; for in many of the arts, one man could perform now, more than two men could formerly. With the increase of the people, the taxes on each individual grew naturally lighter ; and yet the government grew daily more powerful and splendid : Altho' rents and all other things, sunk in their nominal values ; yet a greater affluence and splendor of living, was every where to be seen. So true it is, that numbers of industrious people, and not money, is what enriches a country.

Had the money increased with the people, that would have made no manner of difference in the values of things with respect to one another ; nor would it have been very material, if the original stock of money had decreased upon their hands ; the only difference which that would have created, would have been in the nominal prices of things with respect to money. Had the money increased faster than the people, suppose 24 times ; the price of labour would have become then 20 shillings a day, and yet the workman would have been no ways benefited by that greatness of wages.

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The case above supposed of the quantity of money remaining invariable, whilst the people increased, is the very same in effect, as if we had supposed the number of people to have continued the same, whilst the original stock of money had continually decreased.

XV. *Any sudden fluctuation of money, would be pernicious.*

47. Money as such, though very useful and necessary in all sorts of traffic, yet scarce falls within the idea of riches *. Money in its very institution, is professedly of no use, but to measure the value of, and as an exchange for, things that are useful: It is so much coveted, not for its own sake, but for what it will bring; and it is very manifest, that in a regular and well-established community, a greater or less stock of money doth scarce at all affect its wealth and prosperity †. The greatest effect of money is in its fluctuation, and this if it be sudden will be generally pernicious in its consequences.

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* Money is here considered in the abstract; but as it is reducible into bullion, plate, &c. in that sense it is wealth like other commodities.

† This hath been shewed in the preceding, as to a nation having no foreign commerce; how far such a commerce alters the case, will be considered a little farther on.

If money be a flowing in, some branches of trade will be enlivened, and in reality great numbers of individuals will grow richer; as what they pay in taxes, rents, and for * natural products, will be less or of less value than before; till you come to the lowest class, who, though their wages are raised, will yet find little or no advantage by this torrent of money. On the other hand, the government will grow weaker, the nobility, and in general all who live upon estates and established stipends, will become poorer; till by an increase of taxes, advancement of rents, &c. things can be re-established. But before this can be accomplished, many and great alterations will naturally happen: The government being thus weakened and distressed, disorders will inevitably arise; as peace and good order cannot be preserved, unless the strength of the government bears a due proportion to that of the governed: The nobility must change their fashion of life, and abate of their antient splendor; new debts will be contracted, increased, lands mortgaged; and
before

* It will be some time before this supposed additional money can penetrate through all the branches of trade, and whilst some traders have exorbitant gains, others will grow poorer, because of their additional expence in many articles; however by degrees all dealers will help themselves, and grow rich at the expence of those who are mere consumers.

before the antient owners have a right understanding of the cause of their distresses, many must part with their estates, and give place to new comers.

And this is a natural consequence of a sudden flux of money ; * the enriching of one part of the community, at the expence of the other ; a change of manners amongst all ranks, some perhaps for the better, and some for the worse ; until, this tide having spent itself, things are again resettled, tho' perhaps in quite a new form.

On the other hand, if the tide of money is a running out ; during this ebb, trade will stagnate, some merchants and shopkeepers will break, some manufactures will be laid aside, many hands will be unemployed, and murmurs and complaints will be heard among all sorts of people concerned in trade. These distresses will continue, till by an abatement of taxes, lowering of rents, of wages, of stipends, &c. a due equilibrium among the different ranks of people is again restored ; and then, altho'

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* How far this may have been the case of some particular country, I do not here consider. But I think it is manifest enough, that an overflow of money in one place, may be the cause of poverty and distresses in another ; and that a government may be declining, whilst duties and customs are increasing.

a great part of the money is gone, riches, plenty, and good order, will again abound.

Thus it is manifest, that a sudden fluctuation of money, would be pernicious whilst it lasted, and for some time afterwards*; and that whether the tide be flowing in or going out. But whilst it glides and circulates smoothly and freely, in its natural course and channels, money is not only a harmless but a beneficial thing; it cherishes and invigorates the whole community, and this equally, whether the stream be large or slender.

XVI. *Ballance of trade, what.*

48. The ultimate ballance of trade is reckoned in money; and it is by this scale that the profits of trade are usually computed. But as money in it self is of no farther use, but merely as a kind of instrument for the circulation of products or commodities; a very beneficial commerce may be carried on between different nations, without any of them having any money to receive at the close of their accounts. Not only the mariners navigating the ships, but
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* The effects of the imaginary increase of money in the year 1720, and of the real increase of factitious money at different periods since, do greatly illustrate and corroborate what hath been here advanced.

also the whole train of artificers employed in the various branches of manufactures, bred and nourished by such a commerce, innumerable brokers, &c. gain all of them a comfortable subsistence: Each country is accommodated, with what it wanted of the products of the other; and the * merchants on all sides increase in wealth, though at last their accounts are even as to money, or yet though one pays a ballance in money to the other.

If bullion be the sole or chief end of commerce; why are ships sent to any other ports, besides *Cadiz* and *Lisbon*? Silver and gold are in a manner, the peculiar commodities of *Spain* and *Portugal*; and in the usual phrase, these nations must pay a balance upon their trade to all the world. And yet they, as well as the rest of the world, are gainers by trade; they obtain various necessaries and conveniences, which their bullion could not have procured them, whilst they kept it at home; and so long as they keep working the mines, so long probably they will stand in more need of

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* That is, each merchant is a gainer, if his returns, after paying all his expences of the voyage, are worth at home more, or will purchase again a greater quantity of goods than he had exported: This overplus is the merchant's profit, without which he would no longer trade.

the aid of foreign commerce, than other nations.

A ballance paid in money, doth not necessarily infer a loss by trade: Suppose that last year, *Great Britain* paid a ballance upon the whole of its foreign trade, of a hundred thousand pounds in specie; but that the national stock of necessaries, in naval stores of various sorts, &c. were increased to double that value: By the usual reckoning, we must have lost the last year, an 100,000 *l.* by our trade; but by mine, we were gainers by it to the net value of that whole sum. But had the above supposed additional stock of foreign commodities, been in wines, brandies, fine linnens, toys, or even jewels, &c. which were to be all consumed at home, I should readily have joined in the common estimation, of our having been losers by our trade. Gold and silver are valuable commodities, because they are neither perishable, nor over bulky; and because the monies of the world are made of these metals, they retain a more even and permanent value, and are more universally coveted than other things. But the *Spaniards* are an instance, that a nation may be injured, weakened and impoverished, by an over-stock of these metals.

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However, any nation having gained upon the whole of its commerce a ballance in bullion, may be truly said to be a gainer for that time of so much as that bullion amounts to ; and if it can keep that bullion as a dead stock, either by turning it into plate or by any other method, so as to prevent its getting into trade as money ; it may continue to go on increasing in more bullion, which in this case will be a real increase of wealth. For as bullion hath little or no workmanship bestowed upon it, and is every where after it hath once got from the miner's hands, a kind of dead stock, applied to no use like other commodities ; a nation that pays ultimately upon its trade a ballance in bullion, is a loser of so much of its dead stock ; and a loser also, if its exports maintained fewer of its own inhabitants, than its imports did of those of foreign nations. Let an increased stock of bullion get out again into trade, and it will soon turn the ballance the other way.

XVII. *The quantity of money every where, will naturally find a certain level or proportion.*

49. It is a received opinion, at least with many people, that a certain specific

cific quantity of money, is necessary for the carrying on of foreign commerce; and that any nation not abounding in money, will trade to a great disadvantage with the rest of the world: Were this the case, those nations who have most money, should reap most advantage by trade; and *Spain* and *Portugal* ought to carry the prize from all the world. But if this matter be examined, ever so slightly, it will appear in a different light; and it will appear also, that no trading nation can be long in want of money, or be able to keep above a certain quantity of circulating cash, in proportion to its trade. What is hoarded and kept out of the market, either in cash, bullion, plate or furniture of any sort, is out of the present question.

Suppose that the present stock of circulating cash in *England*, was at once reduced to one half, by each person's losing a moiety of his own share. This would strike a great consternation in all, and be matter of real calamity to many; as the prices of things would not at once abate, in proportion to this great loss of money. But those distresses would not last long: The prices of all commodities, and of labour, would fall by degrees; this cheapness would give them

them a quicker vent in all foreign markets, and all sorts of manufactures would be carried on here brisker than ever; whilst at the same time, and for the same cause, the consumption of foreign commodities with us would be greatly diminished. By the cheapness of labour, *England* becoming the best market for bullion; that is, bullion fetching more labour and commodities here than in other countries, it would naturally be sent hither preferable to other things; and bullion would not cease flowing in upon us, till it became as cheap, that is, in as great plenty here, in proportion to our traffic, as in other places.

This supposed sudden loss of money would at first, as hath been before illustrated, create many disorders: By the sudden change it would cause in the proportion of property, a damp would be thrown upon manufactures, until the price of labour could be duly reduced; and the nation would be under a great disadvantage, in the purchasing of foreign commodities for ready cash. But these disadvantages would not last long; and whilst things were advancing towards their former state, it is probable that people in general, especially the lower class, who are the most numerous, would

would abound more in affluence than at any other period. Labour would be more valuable here, in proportion to commodities; because of the great demand for those commodities, in those countries where money was cheaper, and labour dearer; until at length the equilibrium of money was again restored. Had we supposed the loss of money to have been less, as only, for instance, the tenth part; the consequences thereupon, though less perceptible, would have been, upon the whole, the same in a proportionable degree.

Let us suppose our former stock of money to be now completely restored to us, and it would not be long before it returned again: If we think to increase this stock much farther, we shall be disappointed; the causes that brought it to a certain level, will prevent its rising much above that level. Where money is grown into great plenty, whatever be the causes of that overplenty; labour, and all sorts of manufactures will grow dear, too dear for foreign markets: And at the same time that the exportation of home-commodities is decreasing, that of bullion for foreign goods will be increasing; till at length the tide of the over-plenty of money hath spent its self;

self; leaving behind it perhaps, too much the marks of profusion, and disorders of various kinds.

In order to illustrate this subject, I have supposed cases that are not likely to happen; the state of things, altho' ever fluctuating, yet change by slow degrees. Riches are comparative things; and one nation's growing or declining in wealth, is to be reckoned either with respect to its former state, or the present state of its neighbours. But the question before us being solely about money, which ever way that is turned, it seems to me evident, that commerce will settle the due proportion of money every where; I mean the proportion in respect to the whole wealth and traffic of any country, and not the proportion between one country and another; for this last will be ever different and ever variable. Every one sees that an increase of his own cash would be an advantage to him, and hence money is universally coveted; but no one sees or considers, that his own peculiar advantage would cease, if every body's cash was increased in the same proportion with his own. Another hath in his eye some beneficial trade, which he could enter into if
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he had but money *: It is none of his business to consider, that the trade of the world is limited ; that his entering into it, would not extend trade in general. It is the want of vent, and not the want of money, that limits trade ; and sometimes also the want of able and skilful workmen removes trade from one province or kingdom into another.

All that hath been here advanced, is well illustrated and corroborated, by the course that manufacturies have taken in our own country. They have been first erected in parts that had but little money in common currency ; that is, in places where labour, provisions, and all the necessaries of life were cheap : By degrees they enriched those provinces, till at length provisions of all sorts, and consequently labour, became very dear ; too dear to sustain, or to be sustained by those manufacturies any longer. This naturally carried them to other places, where
money

* The common trite saying, “ that if a merchant had a “ a larger stock, he could afford to sell cheaper,” answers it self: If his stock is but small, he should himself consume less. If a rich galleon was to be divided among a certain number of our merchants, this would enable them indeed to buy dearer and to sell cheaper ; but this would be detrimental both to their cotemporaries and successors, and I think, in the long run, to their country in general. For so far as it went, it would enhance the price of commodities at home, and lessen their vent at foreign markets.

money was in less plenty : And this will ever be the case, unless part of the increased stock of money is kept out of the common circulation, and is either hoarded or directed into some new channel ; without this, not only trade will move to different provinces of the same country, but it will move also into different countries.

XVIII. *Any artificial methods of increasing tale-money, pernicious.*

50. Any artificial methods of increasing the quantity of tale-money in circulation, beyond its natural bounds, will be attended with pernicious consequences ; and this effect is perhaps not the least evil of our great national debt. As the values of all things are measured by money, it is, I think, by this time sufficiently manifest, that their prices will be in a certain proportion to the whole quantity of cash in circulation. If this quantity be greater in proportion to the trade of the nation, than in foreign countries ; things manufactured at home will become too dear for foreign markets, as is the case of *Spain* and *Portugal*. As we have no mines, trade will keep, as before observed, real money to a proper level ; but yet this level may be exceeded by artificial
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substitutes, as paper-bills, having no bullion locked up in their stead, and light coins having less value than what they pass for; and by both these methods the nation is injured: By making all things dearer at home, the public is not only defrauded of so much bullion as these substitutes amount to; that is, to the whole amount of the paper above the bullion locked up in its stead; but it also suffers by the loss of the whole deficiency upon the light coins.

Although this subject hath been in effect illustrated before, yet is it of that importance as to deserve to be farther exemplified. Let us suppose that one tenth of the whole stock of circulating cash in this country, and 'tis not material to our argument what the specific sum amounts to, is some way lost or destroyed: If no artificial substitutes be made to intervene; it has been before shewed, that trade will gradually restore this supposed loss of bullion; as, till this be accomplished, bullion will be dearer or fetch more commodities here, than in other countries.

On the other hand, supposing the sum total of money, real and fictitious, now annually circulating in this country, to be 100 millions; 20 millions of which is in cash,
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and the rest in paper credit both public and private: If this paper credit be increased, by the creating of more bills, suppose to the amount of ten millions; one of the following will necessarily be the consequence: Either all our commodities will rise ten *per cent.* in their nominal value, which will render them too dear for foreign markets; or, this addition of paper bills will drain away ten millions of our cash, and so impoverish us in reality to that whole amount; or, the effect most likely will be, partly the one, and partly the other; but which ever it is, the nation will be equally endamaged. May this be ever a caution to statesmen, how they listen to projects that must clog our trade, banish our coin, and in the end bring on a general bankruptcy.

Let us suppose again, that the same quantity of tale or nominal money continues, but that the real substance of the current coin is diminished one tenth. So long as the people pay no regard to this diminution, the prices of things will continue the same as before, and the nation will be a loser of this tenth part of its treasure. For, if the currency of the light coins had been stopped; or, which is the same thing, if they had been restrained from passing otherwise

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than by weight; trade would have furnished the same quantity of tale in heavy money, as there is now of light; as it is manifest that in both cases, the nominal prices of things would be the same; and every one would receive for the same service or commodity, the same number of heavy coins in the one case, as he would of light coins in the other. Foreign exchange may make some difference here; but as the ballance of foreign trade is but small in comparison of fixed establishments at home, the difference upon that account will not be very considerable, till things come towards an extremity.

What hath been said of the national loss by the passing of light coins, will hold the very same, if bills be passed to a greater value than there is bullion in their stead. All private securities also are productive of equal evils, and frequently of more. To close this subject, I would observe here one essential difference there is between bills and light coins. Every one hath a right to call upon the issuer of a bill, to make it good in standard or lawful money. But he that hath light coins in his possession, is liable to bear the whole loss that there may be upon them; he took them in full consideration

tion of a given sum, and if they prove deficient, he hath no body to blame but himself; and he merits the less compassion, as by his unwariness he was a sharer in, and a promoter of, a public evil.

Hoarding the precious metals, beneficial.

51. Gold and silver, for many reasons, are the fittest materials hitherto known for hoarding: They are durable; convertible without damage into any form; of great value in proportion to their bulk; and being the money of the world, they are the readiest exchange for all things, and what most readily and surely command all kinds of services. In the days of prosperity therefore, it would be prudent to lay up a kind of dead stock of the precious metals, against any emergencies that might happen. This stock must be kept out from the circulating cash; for an increase there, would not answer the end; and indeed an overflow of money in circulation, would spend it self, by draining up the sources that produced it. But people in general will not hoard up cash; all like to display their wealth, and to lay out their superfluities in some costly things. There seems then no method so effectual for the securing of a dead stock of

treasure, in any country, as the encouraging the use of plate; by making it fashionable, preferable to more brittle or more perishable * commodities. Plate would be a national resource in case of emergency, and not the less so, because the precious metals had not as yet received the shape of coins. But this dead stock, whilst it remained such, would not be without its use; real wealth is ever accompanied with credit, and the influence of credit is frequently of the greatest moment. He that is ready armed, is less liable to be assailed; and silver and gold are keen and destructive weapons.

XIX. *Of Banks.*

52. The several banks now subsisting in *Europe*, are of a modern date; but it is not my intention here to meddle either with their histories or particular constitutions. In great trading cities, a public bank that issued no bills without an equivalent in real treasure, whether in cash or bullion it matters

* I have spoke before in favour of the arts, and I would not here be understood to mean, that any of those whereby some of our own people gain a livelihood, should be discouraged; nor yet that those of narrow circumstances, should aim at having plate: But those of affluent fortunes might save themselves the expence of many superfluities, without affecting labour with us; and these savings laid out in plate would be of more benefit to their country, and to their own posterity.

ters not much, must needs, I think, be very convenient; as therein, merchants and others may safely depofite large fums, and thence again draw their money out at fuch times, and in fuch fmall parcels, as may fuit with their feveral occafions. Such a bank may be alfo of fome fupport to national credit, as the great fums known to be there locked up, would be ready upon an emergency. Bills of undoubted credit, are of great conveniency in large payments, and befides, fave the wear of coin. But their extent fhould be reftained within due bounds: Should they increafe much beyond the real ftock of bullion that ought to be in their ftcad, they would prove mifchievous two ways; by increafing in effect the quantity of circulating cash beyond its natural level; and by endangering, in a cloudy day, their own credit. But the profits to be made by lending, as I may fay, of credit, are temptations too ftrong to be refifted; and it may be questioned, if any of the banks now fubfifting, keep exactly within the above rule, tho' fome of them are formed upon the very model here laid down.

Banks instituted to prevent the abuses from bad coins, and from adulterations in the standards of monies.

53. The oldest bank now in *Europe*, I think, is that of *Venice*; and the chief, if not all, of the rest, were instituted in the last century, and much upon the same model. The bank of *Amsterdam* was established in 1607; that of *Hamburg* in 1619, and that of *Nuremberg* in 1621*.

It appears, that the main if not the sole design of erecting these banks, was for the fixing a kind of an indelible standard of money; and thereby, to secure merchants and others from losses by bad coins, whether base or light; and from the dire effects of adulterating the standards of monies, either at home, or by the neighbouring states. These banks have answered admirably well the ends of their institution; and it were to be wished, that those ends had been more regarded in the establishment of our own. At the times of establishing the above banks, certain known coins of given weights and fineness, then current at certain rates in the
respective

* See more upon this head, in the *Universal Merchant*, a work containing some judicious observations concerning trade.

respective places, were fixed upon as a perpetual standard, which from thenceforward were called BANK MONEY. As the current coins became afterwards diminished, ^{Bank money, what.} either by legal adulterations at the mints, or by wear, or otherwise, a distinction was made between current and bank money, called AGGIO; and according to the real ^{Aggio, what.} difference between these two sorts of money, the *aggio* amounted to more or less *per cent.* These wise establishments contributed greatly, towards stopping those baneful measures of adulterating the standards of money, that had been so frequently and so generally practised, in the dark preceding ages. The genius of trade breathes and requires a certain degree of security and freedom; and banks, such as we have been speaking of, can hardly ever take place under arbitrary governments.

Complaints of the want of money, whence.

54. The doctrine that we have been inculcating is so contrary to the common notions, that a want of money is a common cry. All the scramble is for money; few think they have enough, and many complain. This probably will be ever the case, nor would setting the mint to work cure

the evil ; and perhaps there is no where more want, than where there is most money. The beggar hath no property, nothing to exchange for money ; and if he will not work, none would come to his share, if the common stock was ever so much increased ; a greater plenty of money would be so far from being advantageous to him, that he would run the greater risk of starving, as bread and provisions of all sorts would then be so much the dearer. The farmer complains, and thinks that if there was more money in the country, his corn and cattle would fetch a better price : They would fetch more money, but not more of any thing else that he wants ; and he would not be at all bettered by this higher price, unless so far as a sudden increase of money might ease him in his rent, by lessening the intrinsic value of the specific sum which he had agreed to pay. The same may be said to the merchant, shop-keeper, &c. while all commodities keep the same proportion of value in respect of one another, no one reaps any advantage by the raising of the price in respect of money, of his particular commodity. The complaints of particular persons arise, not from a deficiency of money or counters in circulation ; but from
their

their own want of property, want of skill, address, or opportunity of getting more money; or perhaps only for want of frugality, in spending more than their income or proper share. Anticipation is the grand source of distress and poverty, and is an evil that takes off much from the use of credit.

There is a limit to the vent and consumption of all sorts of commodities. If, from an uncommon prolific season, or because of a great demand at some late market, or from any other cause, as a new course of trade, &c. more of any specific commodity be produced, than what the usual or necessary consumption requires; the price of it will fall, and some will be left on the owner's hands. Things growing out of fashion will frequently undergo the same fate; and in both cases, the manufacturers and dealers in those commodities will be complaining, the workmen will be turned adrift, and all imputing their losses and disappointments to the want of money in the country. But a greater plenty of money would not mend or better their condition; those who have it, will not be persuaded to purchase more of this or that commodity, than what their own wants, conveniency,

or

or fancy prompt them to; and those who cannot make so much profit in their respective professions as formerly, must either turn themselves some other way, or be content to live more frugally. But all will not be wise in time; emulation in show is a powerful incentive; few can bear the thoughts of retrenching while it is yet time, and many finding themselves upon the decline, will grow desperate and precipitate themselves the faster. In all great towns, bankruptcies will happen, and perhaps no where more frequent, than where wealth and money most abound. These evils, if upon the whole they be evils, are what the mines cannot cure, but are rather what have been introduced and fostered by them.

CHAPTER III.

Of EXCHANGES.

AS the accounts of particular persons living in remote places, are frequently liquidated and discharged by *bills of exchange*, without the intervention of money; and this being a subject of importance, and not generally understood, excepting by particular merchants, it may not be amiss in this place to give a brief account of the nature and use of exchanges.

I. *Bills of exchange, what.*

55. It hath been before observed, that the chief end or object of commerce betwixt nations, is a mutual exchange of commodities one with another; and this may be, and frequently is, carried to a great extent without the intervention of money. But nevertheless the accounts are every where kept and stated in money; and it is almost unavoidable, but that in all great trading towns, there will be merchants, some having bullion owing to them in one place, some in another; some or other again that
are

are indebted to all those places, or to some other place which is indebted to some one of those; and so, by a kind of chain, all trading countries become in some sort accountants with each other.

To avoid the charge, trouble and hazard of transporting bullion backwards and forwards, for the supplying of these different occasions; the method of discharging debts, by *bills of exchange* was introduced. This was an excellent * invention; these bills being

* This was the greatest security to merchants both as to their persons and effects, and consequently the greatest encouragement to commerce, and the greatest blow to despotism, of any thing that ever was invented. For, by this sort of correspondence, merchants can imperceptibly convey away their effects when and wherever they please; and this they will never fail doing, if they are in any wise molested or threatened with danger. But at the same time, that this is so beneficial to commerce, and to liberty, both in certain degrees, inestimable blessings; it weakens the attachments, and, as I may say, the allegiances of tradesmen to their mother-country. And I should not, for many reasons, chuse to have my abode where the chief property and the chief rule was in mercantile hands. For, as an alloy to its very great advantages, there is something selfish, ungenerous and illiberal in the nature and views of trade, that tends to debase and sink the mind below its natural state. Somewhat of this must be allowed to be the natural genius and bent of trade. Labourers or working people of all sorts, are quite excluded out of the present consideration; and what is here said is not intended as any reflection upon or disparagement to the other ranks of tradesmen: We live happily in a country, where various classes of men by their daily intercourses do, as it were, humanize, and benefit one the other a thousand ways, and correct those errors and notions, which men confined to a particular sphere, are but too apt to fall into.

ing as subservient in foreign commerce, as coins are in home traffic; for by shifting of debts and credits from one place to another, they so far answer all the purposes of money. Bills drawn betwixt places in the same country, are called *Inland bills*; as those drawn between different countries, are called *Foreign bills of exchange*.

In all countries there are peculiar laws and customs, relating to this business of exchanges, which merchants and others immediately concerned should be well versed in. It is not my design here to meddle with the practical part of this useful commerce, but to explain its theory or principles as briefly as I can. A part of what I here propose is so very well done to my hands in the * *British Merchant*, that I cannot do better in this place, than giving the following extract from that useful work.

“ Suppose the tenant in *Wiltshire* is to
 “ pay for rent 100 *l.* to his landlord in *Lon-*
 “ *don*; and the *woollen-draper* in *London* is
 “ to pay the like sum to his *clothier* in *Wilt-*
 “ *shire*: Both these debts may be paid, with-
 “ out transmitting one farthing from the
 “ one place to the other, by bills of ex-
 “ change, or by exchanging one debtor for
 “ the

* Vol. III. small edition, p 97, 98, 99.

“ the other, thus : That is, the tenant
 “ may receive his landlord’s order to pay
 “ 100 *l.* to the *clothier* in the country ; and
 “ the *woollen-drapeer* may receive his *clothier*’s
 “ order to pay the like sum to the landlord
 “ in town. These two orders are properly
 “ call’d bills of exchange ; the debts are
 “ exchanged by them, that is, the *woollen-*
 “ *drapeer* in town, instead of the tenant
 “ in the country, is become debtor to the
 “ landlord ; and the tenant in the country,
 “ instead of the *woollen-drapeer* in town, is
 “ become debtor to the *clothier* : And when
 “ these orders are comply’d with, the two
 “ debts between *London* and the country
 “ are discharged, without sending one shil-
 “ ling in specie from the one to the other.”

“ In like manner, the warehouse-man
 “ in *London* is indebted in 100 *l.* for stuffs,
 “ to the *weaver* in *Norwich* ; and the *li-*
 “ *nen-drapeer* in *Norwich* is indebted in the
 “ like sum to the *Hamborough* merchant in
 “ *London* ; both these debts may be paid
 “ by bills of exchange, or by the exchange
 “ of one debtor for the other, by placing
 “ one debtor in the other’s stead ; that is,
 “ the warehouse-man may receive the or-
 “ der of his *weaver*, to pay 100 *l.* to the
 “ *Hamborough* merchant ; and the *linen-*
 “ *drapeer*

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“ *draper* may receive the order of the *Ham-*
“ *borough* merchant to pay the like sum to
“ the *weaver*. These orders are bills of
“ exchange ; the debtor in one place, is
“ changed for the debtor in the other : and
“ thus both debts may be paid, without
“ sending one single shilling in specie from
“ the one city to the other.”

“ If the debts reciprocally due between
“ *London* and *Norwich*, are equal ; whe-
“ ther they are 100 *l.* or 10,000 *l.* they
“ may be all discharged in this manner by
“ bills of exchange, without sending any
“ money in *specie* from the one to the
“ other.”

“ But if the debts due from both places
“ are not equal, then only the same quan-
“ tity of debts on both sides, can be paid
“ by bills of exchange. The ballance must
“ be sent in money from the city, from
“ whence the greatest sums are due. For Nature of
a ballance
in trade.
“ example : If by the trade between *London*
“ and *Norwich*, the former owes 10,000 *l.*
“ to the latter, and the latter no more than
“ 9000 *l.* to the former ; it is manifest, that
“ only the debts of 9000 *l.* on each side
“ can be discharg’d by bills of exchange ;
“ the ballance of 1000 *l.* must be sent ei-
“ ther from *London* or some other place in-
“ debted

“debted to *London*, to even the accompt
“between both the cities.”

*The occa-
sion of the
exchange
rising to one
side or
other.*

“Let us suppose then, that to send and
“insure 1000 *l.* in specie to *Norwich*, would
“cost 5 *l.* or 10 *s.* per Cent. which of the
“debtors in *London* would be willing to
“be at this charge? It is natural to believe
“that every one will endeavour to shift it
“off from himself, that every one will en-
“deavour to pay his money by a bill of
“exchange; it is natural to believe that
“every one, rather than stand the cost and
“hazard of sending 100 *l.* in specie, would
“pay 100 *l.* 5 *s.* in *London* for a debtor in
“*Norwich*, upon condition that the *Nor-*
“*wich* debtor should pay 100 *l.* for him
“in that city. By which means the *Nor-*
“*wich* debtor would pay his debt of 100 *l.*
“in *London* with less than that sum, while
“the *London* debtor would be obliged to
“give more than that sum for the pay-
“ment of 100 *l.* in *Norwich*. And if such
“for years together were the course of ex-
“change between *London* and *Norwich*,
“there could be no question to which of
“the two cities a sum must be sent in specie
“to pay the ballance; that city undoubtedly
“pays the ballance that gives more than
“the par, that undoubtedly receives the
“ballance

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“ ballance that gives less than the par for
“ the bills of exchange. The course of ^{*Course of*}
“ exchange in this case would sufficiently ^{*exchange*}
“ decide, that the ballance of trade is on ^{*decides the*}
“ the side of that city that procures bills of ^{*ballance of*}
“ exchange upon the most easy terms.” ^{*trade.*}

Foreign exchanges further explained.

56. The above example taken between two *English* towns, explains the theory of exchanges very distinctly. And from hence it may be easily conceived, how the business of exchange may be carried on between any number of foreign towns. As, suppose that *London* is indebted to *Paris* in a sum of 100,000 ounces; *Paris* in a like sum to *Hamborough*; *Hamborough* in the same sum to *Leghorn*; *Leghorn* to *Amsterdam*; *Amsterdam* in the like sum to *London*. All these several debts may be cancelled and discharged by *bills of exchange*, without the transportation of one ounce of bullion or one penny of money. For instance, *London* discharges its debt at *Paris*, by a bill drawn upon *Amsterdam*; *Amsterdam* pays this bill by another drawn upon *Leghorn*; *Leghorn* again draws upon *Hamborough*; and lastly, by this rotation the debt from *Paris* to *Hamborough* becomes likewise discharged;

charged; and all the above named towns respectively are cleared of all accounts with each other. And the several debts above supposed being equal, the debts of the respective places will be discharged with the exchange at *par*, or without loss or gain to either. But as all the above towns may have mutual accounts, each with all the rest, and with many others; the real practice of exchange branches out into an immense labyrinth, not easily unfolded without much experience and application.

II. PAR of exchange, *what*.

57. The exchange is said to be at *par* or even, between two places, when a given sum paid in the one, will purchase a bill for the like or a sum of the same intrinsic value, to be received in the other. To avoid all ambiguity, the several accounts in the preceding article were stated in ounces. But as all countries keep and state their accounts in their own money, and most places have peculiar coins of their own; this makes it necessary that merchants, who are citizens of the world in a stricter sense than any other, should know exactly the true proportional values of the monies of all countries in respect of one another; that is, how much fine silver,
or

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or fine gold, if the accompts are kept in gold, are contained in the respective standards or monies of the several countries to or with which they traffic. These proportions being known and stated, the monies of the world are thereby in effect reduced to one common standard; and it may be readily seen, how much of the money of one country is an equivalent to, or contains an equal quantity of silver with, a given sum in another country.

The equality of silver, expressed by different denominations of coins, constitutes what is usually called the *par of exchange* betwixt any two countries. In stating this *par*, some particular specie or sum of the money in one country, is usually made the *unit* or *integer*, which always remains fixed and unalterable; and the proportion or equality is expressed in specie of a smaller value of the other country; and it is in these specie that the price is expressed as the exchange varies: As if the exchange betwixt *London* and *Paris* be reckoned in *pence* and *ecu's*, and a *French ecu* contains as much silver as there is in $29\frac{1}{4}$ *pence sterling*; then the *ecu* is the *unit*, and $29\frac{1}{4}$ is the *par* of exchange betwixt *London* and *Paris*. In the mercantile language of exchange, that

country wherein the unit is established, as in the above instance *Paris* in respect of *London*, is said to give the *certain* for the *uncertain*; as *London* again gives to *Paris* the *uncertain* for the *certain*. *London* gives the *certain* for the *uncertain*, that is, the *pound sterling* for their *schillings*, to *Holland*, *Flanders* and *Hamborough*; and to *France*, *Spain*, *Portugal* and *Italy*, *London* gives an *uncertain* number of pence, as the exchange governs, for a *certain* sum in their money.

Those who are not accustomed to this business, are apt to be in doubt whether the exchange rising, for instance, be in our favour or against us. This doubt may be always cleared by this short rule: The higher the exchange between any two countries is, the more it is in favour of that wherein the unit or invariable sum is established; and the lower, the more in its disfavour. Thus, the higher is the exchange betwixt *London* and *Amsterdam*, the more is it in favour of *London*, as then the more *Dutch schillings* are given for the *pound sterling*. On the contrary, the higher is the exchange between *London* and *Paris*, the more is it against *London*, as then the *French ecu* exchanges for a greater number of pence *sterling*.

III. *The true par of the exchange between different countries, difficult to be ascertained.*

58. Those who have made the proper experiments, find that most of the foreign mints are very inaccurate ; and this makes it difficult to ascertain what are the precise values in respect of one another, of the legal monies of different countries ; and this is all that is usually aimed at by the calculators of the *par of exchanges*. But this knowledge, if it could be obtained with ever so much precision, would be of very little service to the merchant, as the state of the coins in most places now stands. What the merchant must regard, is, the amount in bullion of what he usually receives in consideration of a given sum *of money*.

If the ballance due from any country, be usually remitted in coins, and those coins be wore or otherwise diminished below the legal standard ; this will make a seeming difference in the true *par*, and the exchange in appearance will be against that country when it is really even.

If in any country, gold be over-rated with respect to silver, this will naturally drain away its silver coin, and gold coins

will become most current in large payments; In this case, the merchant will make gold his standard, and rate the exchange accordingly. This will create a difference from the nominal par of the exchange, which will be more or less, according as gold is more or less over-rated; and with this cause of over-rating gold, the lightness of the coins both gold and silver will also co-operate, in proportion to the quantities of them exported; from both which causes the difference between the true and nominal par may be very considerable.

These observations may serve to dispel the gloomy apprehensions which some are apt to entertain, from the course of exchange in general appearing so much against *England*; and they also plainly shew that the course of exchange betwixt different countries, is not so critical and exact a rule for measuring the ballance of trade, as is commonly imagined; since it is hardly possible to ascertain what is the *true par*. But the exportation of bullion, is a certain sign of the exchange being really in favour of that country to which it is sent; and the variations in the exchanges, point also the variations in the ballance of trade; though, in general, the rate of the exchange at a particular

particular time, is scarce sufficient for determining on which side the ballance then turns.

IV. *Course of exchange, what.*

59. The price at a certain time and place, of bills of exchange for given sums drawn upon another place, is called the *course of exchange* between those two places at that time; and this is frequently different from the PAR, and more or less than an equivalent in fine silver or fine gold is to be paid in one place, for a given sum to be received in the other. Thus, supposing the par of exchange betwixt *London* and *Paris* to be $29\frac{1}{4}$ pence sterling for a *French* ecu; it might happen at one time that a bill upon *Paris* might be purchased at *London*, at the rate of 28 pence for an ecu; and that at another time no bill could be had under $30\frac{1}{2}$ or 31 pence.

As the ballance of accounts between the several trading nations of the world, must be continually varying, and frequently shifting to different sides; so the course of exchange will be ever fluctuating, and it will be more advantageous to make remittances through certain channels at one time, and by different ways at another. But as it

would be difficult for the gross body of merchants to unravel these intricate clues, and to find out and supply each other's wants and conveniences ; particular persons apply themselves to this business, and *drawing* and *remitting* by bills of exchange is it self a distinct trade. The *remitter* * or trader in bills of exchange, must have a real stock or credit in the several places with which he corresponds ; for bills, strictly speaking, pay no debts ; they only transfer credit from one place to another ; and whenever the demand for bills to one place, are greater than the remitters can answer by their credit or stock in other places, they must then transport as much bullion as will satisfy their correspondents. But the principal skill of a remitter consists in finding where and when bullion will fetch most, or where credit or bills are to be had cheapest, and where and when to transfer this credit to most advantage. For bills of exchange being substitutes for bullion, are themselves as much a commodity as bullion, or any thing else ; and the dealers in them make their profits in the very same way

* Dealers in bills of exchange are in general terms usually called *remitters* : But with respect to a particular transaction, he who sells a bill, to be paid by his correspondent in another place, is called the *drawer* ; and he who buys the said bill, and sends it abroad to have the value received by a fourth person, is called the *remitter*.

way that other merchants do, by observing the advantages of different markets.

V. *Price of bullion how influenced.*

60. A demand for bills upon a particular place, raises their prices, as in other cases; and when these prices have got up to a certain degree above par, the price of bullion will be also advanced above the standard of the country. For, dearneſs of bills cauſes a demand for bullion to be exported, and in proportion of the demand to the ſtock in the market, the price of bullion will be raiſed. To take advantages when and wherever they offer, is the object and buſineſs of commerce. Again, by transporting of bullion the price of bills will be lowered; that again will gradually lower the price of bullion, until the prices of each are again brought to a par. The price of bills may be reduced below par; but bullion can never be lower than the eſta bliſhed ſtandard, the mint being always open to receive it at the ſtandard or mint price.

VI. *National interest, how influenced by the
course of exchange.*

61. It ſeems, upon the firſt view of the thing, that a country which oweth a balance to another, muſt pay a præmium upon
all

all the bills that pass between them. As, supposing that in the accounts betwixt *England* and *Holland*, we owe the *Dutch* an 100,000 ounces, and that they owe us 90,000 ounces; and supposing also that this ballance of 10,000 ounces which we owe to them, brings the exchange against us one *per cent*. It seems, I say, as if we must pay this one *per cent*. not merely upon the ballance of 10,000, but upon the whole 100,000; and on the other hand, that we shall receive short from them one *per cent*. upon the whole 90,000 which they owed us; that is, that we must pay the *Dutch* 101,000, whilst they will discharge their debt to us with 89,100; so that our whole loss, upon the above suppositions, amounts to 1,900. This at first view seems to be the exact state of the case; but upon examining this matter a little closer, I think, it will appear that the loss to *England* by the exchange, is ordinarily no more than what falls upon the ballance of 10,000. Suppose the whole account at *London* to stand betwixt two persons, both *Englishmen*; *B* at *London* oweth *D* at *Amsterdam* an 100,000; *C* another *Dutchman* at *Amsterdam* oweth *A* at *London* 90,000. *B* pays to *A* 91,000 for for a bill upon *C*

to

to pay *D* 90,000; by this transaction the 90,000 *Dutch* debt at *London* is quite cleared, and what *B* lost was gained by *A*. If the affair had been transacted at *Amsterdam*, the gain would have fallen to the share of the debtor *C*, and the loss on the creditor *D*; for *C* with 89,100 would have purchased of *D* a bill for 90,000 upon *B*. But although affairs of this kind are always transacted between several persons, yet at last it comes to the same thing; and the whole gains, so far as bills will reach in liquidating the accounts, falls to the creditors on one side of the water, and to the debtors on the other. In the case above supposed, if some of the *Dutch* creditors reside at *London*, or some of the *English* creditors at *Amsterdam*, this will turn the scale to the prejudice of *England*. These observations plainly shew, that any calculations of national profit or loss from the course of exchange, must needs be very precarious. Yet is it almost certain that by these transactions, that country will sustain some loss against which the exchange bears; and there is no other way of bringing the balance even, but by the exportation of goods or bullion.

VII. *The course of exchange influenced by various causes.*

62. A demand for bills upon a particular place, may proceed from various causes; but these are chiefly reducible to the ballance of trade upon the whole, or between particular places. Bullion, like other commodities, traverses through different climes, and is ever of least value where it most abounds. *Spain* and *Portugal* being the chief sources from whence this commodity is drawn to the rest of *Europe*, it is there cheapest and their chief staple; and hence, in the usual phrase, the ballance of trade and the course of exchange will be every where against them. This is natural, and is no more to their prejudice, than it would be to the *English* to have the ballance against them, if the money of *Europe* was tin; as would then be the case, because we have the most considerable mines of that metal. In like manner, and for the same cause, it is natural that the ballance of trade, and with it the course of exchange, between the more southern and the northern parts of *Europe*, should be in favour of the latter; and this in general is the matter of fact.

The

The business of exchange between *England* and *Germany*, and the northern countries, is chiefly transacted at *London* and *Amsterdam*. The course of exchange then between us and *Holland*, indicates how the state of accounts stands between us and all those countries in general, but not in respect of any one in particular. The balance of our trade to *Holland* may be greatly in our favour, and yet the exchange to *Amsterdam* be generally against us; both which are supposed to be matters of fact. Our debt to foreigners operates in the same manner as a balance of trade against us, to the whole amount of the dividends owing to them; and the same is true as to all foreign subsidies. If those dividends paid to foreigners contribute to enlarge our manufactures and exports, our loss is thereby alleviated; but if they do not, that is, if our commerce remains in *statu quo*, we are losers to their whole amount, and that equally whether their produce is exported in goods or bullion; if they are sent in goods, they prevent so much bullion from coming to us. This is an affecting consideration, and the sources of this country must be prodigious great to be enabled to sustain so great

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a burden. But let us not be too secure, and neglect a matter of so much importance.

VIII. *Bullion is not exported till the exchange is at a certain limit from par.*

63. Merchants always prefer bills of exchange, whilst they are to be had at moderate rates, before bullion or cash, which with them is the same thing; and bullion is never transported from one place to another, till the exchange is at a certain distance from *par*; and this distance is again limited by the expence of transporting bullion, wherein is included, besides the freight, commission and insurance. And hence, the whole fluctuation in the course of exchange is very different between different places. Betwixt *London* and *Paris*, the exchange must vary about $\frac{3}{4}$ per cent. from *par*, before bullion, at least in any quantity, will be sent from either side. The freight of bullion from *London* to *Calais* is about $\frac{1}{4}$ per cent. from thence to *Paris* about $\frac{1}{8}$, insurance in the whole to *Paris* about $\frac{3}{8}$, which make altogether $\frac{3}{4}$ per cent.; and so much at least the exchange must be against us, before any bullion will be sent from *London* to *Paris*; and it must be as much in our favour,

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your, before any bullion will be brought hither from thence. By this reckoning, the exchange betwixt *London* and *Paris* may vary $1\frac{1}{2}$ per cent. before gold or silver will move towards either side. To *Amsterdam*, the expence of transporting bullion from *London*, is less than to *Paris*; to some other places, this expence is greater, and accordingly the exchange varies less or more between different countries; because, as hath been before observed, the transportation of bullion keeps the course of exchange within a certain limit.

Bills are frequently drawn, and bullion carried, between two places that are even in their accounts, to pay debts in a third place. If the exchange betwixt *Calais* and *Paris* be against *Calais*, and it be at par directly between *Calais*, *London* and *Paris*; a merchant at *Calais* will pay his debts at *Paris* by a bill upon *London*: And if the exchange betwixt him and *Paris*, and betwixt *London* and *Paris* will permit, our *Calais* merchant will purchase a *London* bill by sending gold thither, instead of sending it directly to *Paris*. It is in finding and taking the advantages of the several markets, that the mystery of this traffic by exchange doth principally consist.

This

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This short account may suffice to explain the general theory of exchanges ; a theory curious in it self, and the practical part is extreamly useful for the purposes of foreign commerce. But to meddle with that, doth not fall within the compass of my design.

The End of the FIRST PART.

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